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# FINANCIAL TIMES

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Thursday June 15 1978

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## NEWS SUMMARY

### GENERAL

## Russia may tighten its grip

Comecon, the East European economic alliance, is considering a change in its voting system which could force the economic policies of smaller Communist states into line with the Soviet Union and provoke serious strains within the bloc.

The nine countries involved—the Warsaw Pact states, plus Mongolia and Cuba—are expected to discuss the plan at a summit in Bucharest later this month. Comecon's present unanimous voting procedure would be replaced by a system making majority decisions binding on all member countries. Back Page

### Tax on company scholarships

Company scholarships awarded to directors or higher-paid employees to assist in the cost of educating members of their families are to be taxed as benefits in kind, the Inland Revenue has announced. The move, which will affect many long-established schemes, is a further stage in the clampdown on fringe benefits and is likely to be bitterly opposed. Back Page

### Olympic plan

Greater London Council leader Mr. Horace Cutler suggested that an Olympic city could be built in London's derelict docklands to house the 1988 Olympic Games. The council may pay \$50,000 for a feasibility study of the project. Page 5

### Girl fights ban

Theresa Bennett, a 12-year-old girl who has been banned from playing soccer with boys in the Newark Youth League, took her fight for equal opportunity to Newark County Court. She claims \$2,000 damages, alleging that the Football Association is in breach of the Sex Discrimination Act, 1975. If she wins her case, the association will be unable to stop girls playing in junior football teams.

### Equal ownership

Husbands and wives should normally be equal owners by law of their homes, whether they are leasehold properties or freehold, unless they agree otherwise, the Law Commission has recommended. Page 10

### Fabian dies

Ex-Detective Chief Superintendent Robert Fabian, former head of the Flying Squad who retired in 1949 after 28 years in the Metropolitan Police, died in Epsom Hospital, aged 77.

### Carter accuses

The U.S. has firm proof that Cuba helped train the Katangese forces that invaded Zaïre last month, President Carter said. The country's cholera epidemic has claimed at least 65 lives, but seems to be past its peak according to the Belgian Health Ministry. African News, Pages 2, 3, 4 and 5

### Saudis rapped

The Foreign Office has protested to Saudi Arabia about the public floggings of two British engineers for breaking the Moslem ban on alcohol. The men, who have been released, are awaiting repatriation. The British Embassy said at least nine Britons were still in jail for drink or other offences.

### Briefly

World Cup, second round: Holland 5, Austria 1 (in Cordoba); Italy 0, West Germany 0 (in Buenos Aires); Brazil 3, Peru 0 (in Mendoza).

Harrods staff picketed the store in Knightsbridge, London, claiming they were underpaid. Their union said they would return to work today when talks would be held with the management.

Belfast woman, 19, was jailed for 14 years for causing an explosion which injured 20 people in a cafe.

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

Alfred Retailers	278	+15
Assed. Book Publishers	28	+3
Bread and Flour	100	+6
Brown and Jackson	118	+8
Churchbury Estates	275	+7
Common Bros.	134	+7
Eurotherm	168	+6
Executive	210	+55
Henderson (J. W.)	100	+9
Hartwell	142	+6
Leicester	66	+4
Lookers	173	+7
Muirhead	52	+5
Owen Owen	124	+6
Staveley Inds.	338	+10
Union Discount	177	+7
Vogel	260	+57
Anglo Ind. Dev.	118	+17
BH South	306	+15
Cons. Gold Flds. Aust.	178	+6
Northgate Explan.	71	+11
Osbridge	256	+16
Thames Hdgcs.	110	+13
Westfield Minerals	110	+13

FALLS

Excheq. 12 1/2% Bt.	103 1/2	-1
Burghys Bank	330	-5
Guinness Peat	245	-10
Heron Motor	121	-9
LOFS	278	-54
McNeill Group	121	-4
Pauls and Whites	10	-3
Pennine Motor	215	-5
Trust Houses Fort.	133	-18
Siebens UK	144	-6
Charter Cons.	133	-8
North Broken Hill	32	-10
Vlakfontein	32	-10

# Labour holds on by majority of five

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN last night asked the future of his Government in a gamble to win a vote of confidence in the Commons.

The desperate last-minute move paid off—securing the abstention of the Liberals and Welsh Nationalists to give the Government a majority of five.

Amid jubilant Labour cheers, a Tory censure motion on Mr. Denis Healey, the Chancellor of the Exchequer, was defeated by 357 votes to 282. Thirty-eight MPs were paired, some of the European Parliament and others on a visit to the U.S.

The vote again underlined the Government's increasingly precarious position at the end of the Lib-Lab pact approaches its expiry date in the autumn of next year.

The victory boosted Labour morale and the Prime Minister was bolstered by cheering from the Labour benches as he told his party: "When the time comes we can appeal to the country in confidence, proud of our record, knowing that facing us is a bankrupt Opposition."

The Prime Minister said that he had treated last night's vote as an issue of confidence because of the damaging repercussions that would have followed a Conservative defeat in the money markets and on the exchange rate.

The Government was determined to carry through its battle against inflation and to secure its devolution legislation, he said. "If we cannot get support from the House, we believe we should get full support from the country."

Though the vote was directed against the Chancellor, the Prime Minister said it was aimed in effect against the Government's whole financial and economic policies.

Mr. Callaghan's tactical move to turn the vote into an issue of confidence was taken only two hours before the debate began. A Government defeat, it was announced, would mean the dissolution of Parliament and an immediate general election.

The decision—ratified by a hastily summoned meeting of Cabinet Ministers at the Commons while Mr. Callaghan continued his talks with President Ceausescu of Romania at Downing Street—was prompted by a warning that the Liberals intended to vote with the Conservatives.

Mr. David Steel, the Liberal leader, told the Prime Minister that he could not restrain his MPs from joining the censure on the Chancellor unless the Government treated the vote as an issue of confidence.

Facing inevitable defeat if the Liberals were ranged against him, Mr. Callaghan acted rapidly to save the Government. Ministers agreed that there could be chaos in the money markets if the Government was defeated. And a separate confidence vote, invoking the Lib-Lab pact to uphold the Government, was delayed for a further day.

Mr. Callaghan decided to intervene in the debate himself in defence of the Government and the Chancellor. The Liberals responded by agreeing to abstain.

This gave the Government a paper majority of four—but with one Labour MP, Mr. Tom Lister, absent abroad and uncertainty about the attendance of Mr. Frank Macquarie, the Irish Independent, the result of the division still looked in doubt.

The two did not arrive to vote.

The Ulster Unionists, who had earlier decided to abstain, switched to support the Conservatives on the confidence vote. The Scottish Nationalists also voted with the Tories but the Government insured itself against defeat by persuading the three Welsh Nationalist MPs to abstain.

The Welsh Nationalists in a statement said that their action had been decided after assurances that any excess revenue from the employers' surcharge would be distributed in tax reliefs in the next Budget.

Sir Geoffrey Howe, Shadow Chancellor, launching the Commons attack on the Chancellor, accused him of "laying the foundations for a stagnant economy and an impoverished society."

"He has presided over a strategy for the demoralisation and destruction of British industry," he declared.

bolstered by the tactical moves in his support, Mr. Healey mounted a vigorous defence of his policies that brought a prolonged roar of cheers from the Labour benches.

The Chancellor lent support to City expectations that the first of a series of small cuts in the minimum lending rate would begin in a few weeks at the most. Mortgage rates should follow, he said.

Mr. Healey claimed that his package of measures had already been a "resounding success. The Government had taken action to break the deadlock in the gilt market and to demonstrate its determination to keep the money supply under control," he said.

BRITAIN'S CURRENT account moved back into deficit again last month after the record surplus in April.

This year's pattern of sharp month-to-month fluctuations is continuing, and about half the £382m deterioration in May — for a deficit of £49m — is explained by movements in the more erratic items, notably precious stones, and by an industrial dispute at Southampton docks.

Consequently the underlying — remains obscure, though it is clear that rising North Sea oil production is offsetting a sluggish export performance and a steady growth in manufactured imports.

In the last three months there has been a £150m improvement in the current account compared with the December-February period for a surplus of £105m. This is fully explained by a narrowing of £280m in the visible deficit on trade in oil.

The latest figures produced mild disappointment in the foreign exchange market yesterday. After an initial fall, sterling soon recovered and closed only 13 points lower at \$1.5327. The trade-weighted index slipped by 0.1 to 61.3.

Prices of gilt-edged stock fell by between 1 and 1 1/2 pence. The volume of exports of manufactured goods was over-subscribed when offered this morning.

## SHARP VARIATION AGAIN IN MAY CURRENT ACCOUNT

## UK back into trade deficit

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

**BALANCE OF PAYMENTS**  
£m seasonally adjusted

	Visible trade	Invisible	Current account
1977 1st	-947	+454	-493
2nd	-764	+399	-365
3rd	+54	+483	+537
4th	+45	+441	+486
1978 1st	-574	+269	-305
Jan.	-338	+90	-248
Feb.	+43	+89	+132
Mar.	-279	+90	-189
Apr.	+223	+120	+343
May	-169	+120	-49

Source: Department of Trade

The reception is still seen as finely balanced, given that an £800m short tap is on offer on Friday. However, a £7m issue by South Tyneside Council was over-subscribed more than 100 times yesterday.

North Sea oil remains the main bright feature of the figures. The deficit on the trade is less than three-fifths of the figure a year ago, and less than half the gap of two years ago.

Otherwise, the picture is not so encouraging even when the mischievous items, such as ships, aircraft and precious stones, are excluded.

On this basis, the volume of exports of manufactured goods Continued on Back Page  
Tables Page 8  
Lex Back Page

## British Airways cuts some fares by 66%

BY LYNTON MCLAIN

BRITISH AIRWAYS is challenging the International Air Transport Association by introducing further cheap fares.

Reductions of 66 per cent will be offered from October 1 on all British Airways flights between the U.K. and Scandinavia, bringing the price of flying from London to Stockholm and back from £272 to £92. The only conditions will be 28 days advance booking and a minimum stay of seven days. The scheme, welcomed last night by Mr. Edmund Dell, Secretary of Trade, will apply to flights to the U.S. from next spring.

Also from October, the airline is to cut UK domestic fares by 45 per cent for week-end travel on stand-by tickets. Pensioners will be eligible for 40 per cent fare cuts if they fly on Wednesday, Thursday or Friday.

Mr. Gerry Draper, director, commercial operations, said yesterday that British Airways could no longer be constrained by IATA in meeting growing customer demand for cheap fares.

The airline was not advocating complete deregulation of international air fare pricing — it wanted to take the lead in setting new, cheap fare standards.

"The time has come when world airlines have to recognise that the traditional scheduled fares have to go to meet cheap fare needs, the fastest growing area in air travel."

Mr. Draper is discussing British Airways' new low fare structure with all other international airlines and agreement has not been reached on the precise level of transatlantic fares in British Airways' new discount class.

The airline has proposed the re-introduction of several distinct classes on all its flights. In place of first class and economy class British Airways aircraft from October would start flying with three classes: first, club and discount.

First would have all the features of present first-class seats. Club would be the staple form of travel for most businessmen, combining executive needs with the present economy class. Business passengers using this service still would be able to change tickets at will but would have a guaranteed number of seats.

At the moment, 23 per cent of British Airways tickets are standby or budget. Under the scheme proposed yesterday, 50 per cent of all seats would be at cheap rates.

Provisional fares between New York and London from next year will be £748, first-class return; £340 club-class return; and £149 discount return.

The new Heathrow-Aberdeen standby single will be £22, compared with £39.90 now.

The best buy on British Rail for the journey between London and Aberdeen is the £26.68 weekend return, with £30.65 charged for the monthly return.

British Caledonian plans seven U.S. routes Page 5  
Editorial comment Page 20

## Britain warned against seeking bilateral fishing agreements

BY MARGARET VAN HATTEM

MR. OLAV GUNDELACH, including Britain, to abide by EEC Fisheries Commission, Commission proposals for 1978.

Mr. Gundelach said Britain tonight spelled out a clear warning to Britain: there will be no more major concessions on fishing policy, and any attempt to bypass the Community and seek bilateral agreements with third countries will be taken up immediately in the European Court of Justice.

In a major statement to the European Parliament in Strasbourg, Mr. Gundelach said negotiations for an EEC common fisheries policy appear to have reached a stalemate. British demands for special treatment went "just a bit too far," he said.

His recent tour of EEC capitals had shown that the gap between Britain and the other eight member states had, if anything, widened since the informal meeting of fisheries ministers in London last January when the Silkin, the UK Minister of Agriculture and Fisheries, who said "gentleman's agreement," excluded Britain, to abide by EEC Fisheries Commission, Commission proposals for 1978.

Mr. Gundelach said Britain had consistently delayed progress towards a common fisheries policy, despite the fact that both the Commission and the other member states had gone a long way to meet its special requirements.

"The Commission feels its proposals are fair and go as far as is possible under the Treaty of Rome," he said. "I don't say that modifications are not possible, but the Treaty must be respected."

He warned that any member state which tried to negotiate, formally or informally, with third countries would be taken immediately to the European Court of Justice.

This was an obvious reference to suggestions made by Mr. John Silkin, the UK Minister of Agriculture and Fisheries, who said "gentleman's agreement," excluded Britain, to abide by EEC Fisheries Commission, Commission proposals for 1978.

There were strong indications in Strasbourg that both the Danish and the Danish presidency regard Mr. Silkin's position as pre-election manoeuvring.

Continued on Back Page  
Silkin's potato dilemma Page 31

## Debts of IRI reach £11 bn

BY PAUL BETTS

THE ACCUMULATED debts of Istituto per la Ricostruzione Industriale, the giant Italian state holding company, employing some 500,000 people and incorporating more than 180 concerns in Italy alone, have now reached £11,000bn (£11bn), according to Sig. Giuseppe Petrilli, the group's chairman.

As a result, IRI, one of the pillars of the country's industrial structure, is facing its worst crisis for more than 30 years.

Addressing a special Parliamentary economic commission, Sig. Petrilli said IRI urgently needed a big new injection of funds for its current investment programme and to recapitalise many of its financially troubled companies.

He asked Parliament for an immediate increase of £2,000bn in IRI's capital endowment fund to complete its £4,000bn 1978 and 1979 investment programme.

The group needed a further £3,500bn to cover its accumulated losses of several of its companies—including Alfa Romeo and the Italcristal steel conglomerate—and reconstruct their base capital, he added.

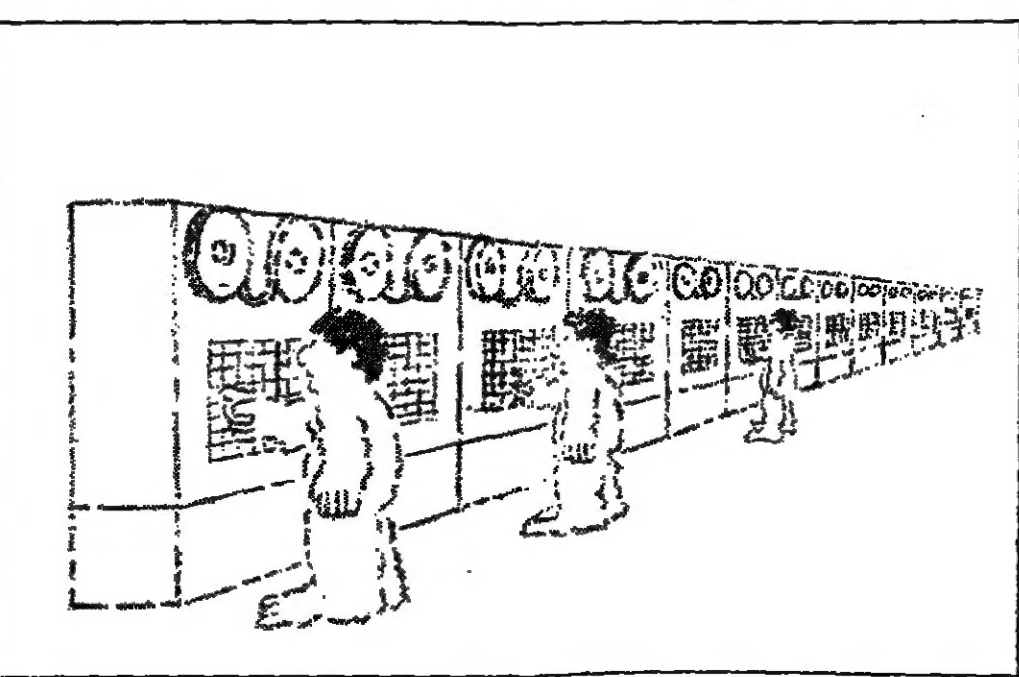
Previous delays in the allocation of capital endowment funds had forced IRI to seek further short-term, high interest-bearing credits from the banks. Of the group's total £18,000bn debt, about £7,000bn was short-term, Sig. Petrilli disclosed.

IRI investments this year were expected to create about 9,000 new jobs. The figure would have been higher, but the holding company's policy was to maintain employment levels in a number of loss-making companies.

The group is considering a further longer-term package of investments totalling about £3,500bn which will bring IRI's overall investment target to about £13,700bn. In the depressed south, IRI is investing £1,750bn and planning further investments of £2,500bn.

Sig. Petrilli emphasised the special role IRI played in the Italian economy. This often involved risks not normally faced by other Italian industrial groups. Between 1970 and 1976, IRI's contribution in creating new manufacturing sector jobs in southern Italy represented as much as 41 per cent of the total, while in national terms IRI's contribution amounted to no more than 6 per cent.

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## EUROPEAN NEWS

## THE OECD MINISTERIAL MEETING

## Pledge on free trade to be renewed

BY ROBERT MAUTHNER

PARIS, June 14.

MINISTERS FROM the Organisation for Economic Co-operation and Development (OECD) countries will tomorrow renew the pledge which they first made four years ago and which commits those countries to refrain from taking unilateral measures which restrict the free flow of world trade.

A slightly modified version of the pledge has been approved by the majority of the 24 member countries but its formal adoption by the organisation's Foreign and Finance Ministers at their two-day annual meeting here was postponed until tomorrow, pending the arrival in Paris of Mr. Edmund Dell, the British Secretary of State for Trade.

At the same time, conference delegates said that the Finance Ministers of the so-called Group of Seven—the UK, West Germany, France, the US, Japan, Italy and Canada—would have a separate meeting tomorrow, or possibly in London on Friday, devoted mainly to preparations for the

Western economic summit, due to be held in Bonn next month. Only the preamble of the trade pledge, which is considered to be an important element of the industrialised world's overall economic strategy, has been modified to take account of developments since 1974.

It emphasises in particular that the difficulties encountered by several industrial sectors in many of the member countries are an important source of tension in the trade field and that there is a continuing risk that unilateral trade and other current account measures could touch off a protectionist chain reaction.

Every effort should be made to identify sectoral problems before they assume critical proportions, the preamble goes on. Action in this field should be confined to measures which did not transfer the burden of adjustment to trading partners and which minimised distortions to trade.

At today's meeting of foreign ministers—the finance ministers

do not meet until tomorrow—little or no reference was made to the specific expansionary measures which individual countries should adopt to speed up growth in the industrial world.

While there was general agreement that, given the gloomy forecast by the OECD secretariat that growth in the area as a whole would be no more than 3.5 per cent in 1978, a concerted growth strategy was urgently required, the West Germans and Japanese still refuse to accept the idea that specific growth and domestic demand stimulus targets should be fixed for individual countries.

Even the US still has doubts on this score and it thus remains highly questionable whether the participants in the Bonn summit next month will be able to agree on any quantitative commitment. Most of the emphasis today was on what the OECD secretariat calls "positive adjustment policies," namely the abolition of anti-cyclical measures which

have been taken in many countries to prop up ailing industries and protect jobs in uncompetitive sectors.

Mr. Emile Van Lennep, the OECD Secretary-General, set the tone for the discussions by emphasising that, given present high unemployment, there were increasing pressures to modify domestic policies in ways that undermined the role of market forces "in the dynamic process of continuous adjustment."

The continuation on a large scale of policies which tended to lock labour and capital into declining activities would, in the longer run, make the industrial economies more inflationary and less productive.

His remarks were immediately taken up by Mr. Cyrus Vance, the US Secretary of State, and Herr Hans Dietrich Genscher, the West German Foreign Minister. Trade liberalisation must be accompanied by national policies which encouraged economies to adjust to changing trade patterns, Mr. Vance said.

Policies to assist industries should not become prolonged protection. Government subsidies to specific sectors or companies in trouble should be reduced progressively and should be linked with the phasing out of obsolete capacity and the promotion of viable industries, Mr. Vance said.

Britain, however, still has strong reservations about new emphasis on phasing out Government subsidies and job protection measures. Mr. Frank Judd, Minister of State for Foreign Affairs, said that the adjustment process must be carefully tailored to reduce hardship to a minimum.

Our Foreign Staff adds: Mr. Edmund Dell was expected to announce that the UK was prepared to join in renewing the pledge for one more year, but to emphasise that, unless the world economy could be improved the present international trading system would continue to crumble, pledge of no pledge.

## Promise by West on Namibia settlement

By David White

PARIS, June 14.

FOREIGN MINISTERS of the five Western countries involved in Namibian settlement initiatives today pledged to renew their conciliation efforts.

Dr. David Owen, the British Foreign Secretary, made no comment after the hour-long meeting this morning, but US sources said the talks "went well."

A bald communique issued afterwards said the ministers "took note" of the recent meeting in Luanda between the South West African People's Organisation (SWAPO) and five front-line black states. The African leaders are apparently pressing to get a settlement along the lines of the Western proposals back on the table.

Michael Holman writes from Lusaka: The South West African People's Organisation (SWAPO) will accept the five-power settlement plan for Namibia, say informed sources here, providing the 1,500 South African troops permitted during the transition to independence are based south of Windhoek, and the Western powers declare that, despite its exclusion from the plan, they regard Walvis Bay as an integral part of Namibia.

The SWAPO position, more flexible than its public stance which insists that Walvis Bay be incorporated in the Western plan, follows the meeting of the five front-line African states in Angola last weekend.

The front-line leaders are prepared to formally endorse SWAPO's acceptance provided these two conditions are met. The sources believe the Western powers would be prepared to issue the Walvis Bay declaration, but are pessimistic about South Africa's willingness to position their troops in the south.

## Giscard defends economic policy and Africa strategy

BY DAVID CURRY

PARIS, June 14.

THE FRENCH President M. Giscard d'Estaing, today strongly defended both the economic policy of his Government and the military intervention he had ordered in a number of African countries.

At his first press conference for almost 18 months he defined the African policy as one of "stabilisation contributing to the maintenance of the possibility of development."

Although he did not directly criticise Soviet and Cuban policy in Africa he repeated his familiar paraphrase of such criticism—that détente had to be global to be effective.

French troops have been in action supporting the Mauritania and Chad governments against rebellions backed respectively by Algeria and Libya while today the final detachment of troops in Zaïre began its pull-out to return to France.

The President defined three resolute African policy: stabilisation; proof that France had the capacity and the will to fulfil her commitments; and reassuring French citizens that they would be protected.

He was careful to assert that in each case French action had been defensive, limited, oriented towards the search for a political solution, and at the request of the African government concerned.

M. Giscard d'Estaing examined the cases of African intervention France's task was to catch up with the leading handful of industrial countries and leave the rest behind. Success would depend on improving professional and job training; persuading savings to go into industry; and lightening the structure of the State apparatus.

On economic policy, the President denied that there was any

French unemployment fell to 1,037,000 in May unadjusted, from 1,047,000 in April, the Labour Ministry said yesterday. Reuter reports from Paris. Job offers rose to 94,600 on an unadjusted basis in May from 90,800 in April, the Ministry said.

distinction between his ideas and those of his Prime Minister M. Raymond Barre. He repeated his commitment that France will seek a faster economic growth rate than the average of her European partners. He would aim at an extra 0.5 to 1 per cent, he said, and in 1977 and 1978 the French lead was likely to be 0.7 per cent.

Blaming the recession on the high cost of energy and the technological challenge from new industrial countries, the President said that painful as the Government's policy of correcting imbalances in the economy was, such a policy was essential if France were to return to full employment.

M. Giscard d'Estaing said that the series of post-election "summit" meetings between the President and the main Opposition leaders.

He announced that in 1979 there would be a special measure to permit companies to increase their capital by up to 5 per cent by a free share issue to their work force. Fiscal arrangements would be made to maintain the yield of shares already issued. Some 10m shares could be issued, he estimated.

He affirmed that the austerity programme guaranteed maintaining the purchasing power of workers' salaries and defended his social policies by pointing to the advance from October 1 to July 1 of an increase in minimum old age pensions of Fr 1,000 to Fr 12,000 a year.

On the political front, the President spoke of three legislative proposals: measures to limit the number of national elective offices which could be held by one person to two; proposals on the financing of political parties; and, most controversially, the possibility of restoring proportional representation to local government elections in the bigger towns. In addition, he planned to introduce the right of reply to ministerial broadcasts on the British model.

These measures respond to some extent to criticism from the Opposition during the series of post-election "summit" meetings between the President and the main Opposition leaders.

## 'Positive response' to Zaïre plea

BY GUY DE JONQUIERES

BRUSSELS, June 14.

THE ZAÏRE Government claimed its current negotiations on a new credit line with the International Monetary Fund.

M. Andre Erismann, the Belgian chairman of a two-day meeting here between Zaïre and 10 of its Western creditors, said this evening that the IMF negotiations would be "extremely difficult and painful" and would take some time to complete.

The meeting was also attended by representatives of the World Bank and the EEC Commission, as well as the IMF.

President Mobutu's personal representative at the talks, Citizen Bokassa, said that he expected the relief aid to flow in during the next three months but declined to put an exact figure on the amount available. Others made at the talks will in any case have to be officially confirmed by national governments.

It is understood that much of the planned relief aid will come

from a speeding up of programmes already in operation, rather than from fresh contributions, and will take the form of goods rather than finance.

Foodstuffs and medical supplies are likely to account for the bulk of the shipments, and it has apparently proved difficult to meet Zaïre's demands for fuel and raw materials.

Moreover, most of the donor countries have insisted on playing a part in supervising the distribution of the supplies to ensure that they reach their intended recipients. Germany, Canada and Belgium, together with the EEC Commission, are believed to have made precise offers today, though Britain, the US, and France are understood to have asked for more time to consider the size of their contributions.

It has been agreed that the participants at today's talks will meet again in the autumn

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## Callaghan hails role of Romania in Mideast

BY OUR FOREIGN STAFF

MR. JAMES CALLAGHAN, the UK Prime Minister, said yesterday that the visit to Britain of Mr. Nicolae Ceausescu, the Romanian President, set the seal on the steadily increasing scope of Anglo-Romanian relations.

At a lunch held in President Ceausescu's honour, Mr. Callaghan praised the Romanian leader's statesmanship and the "valuable role" which Bucharest has played in trying to bring about progress in the Middle East. Both Mr. Menachem Begin, the Israeli Prime Minister, and Mr. Anwar Sadat, the Egyptian President, have visited Romania, which is the

only East European country to have relations with Israel. Mr. Ceausescu's talks with Mr. Callaghan yesterday apparently spanned the full gamut of world affairs, focusing on disarmament, East-West relations, as well as the Middle East.

In his speech, Mr. Callaghan referred specifically to Anglo-Romanian trade and described the 1977 joint trade turnover as encouraging. The Romanians are known however to be dissatisfied with the amount of British purchases from their country which has resulted in a substantial imbalance in Britain's favour.



President Ceausescu

## Oil self-sufficiency ends

BY ROGER BOYES, RECENTLY IN BUCHAREST

MR. NICOLAE CEAEUSCU, the Romanian President, was under no illusion on Tuesday when the Queen praised his country's "resolute stand" and "heroic struggle" for independence. Maintaining a relatively independent position within the Warsaw Pact and Comecon is the cornerstone of the President's foreign policy, and indeed his political fortunes rest on its maintenance.

Yet Romanian autonomy depends on more than international affirmation deriving in the first place from a degree of self-sufficiency in energy resources. As the only major oil producer in Eastern Europe besides the Soviet Union, it has avoided having to tailor its economic policies in return for Russian crude.

Times, however, are changing. As it pushes ahead with its ambitious industrialisation plans, Romania has become a small importer of oil and looks set to become a large one by the end of the 1980s. Mr. Ceausescu is determined to industrialise rapidly, and one of the main growth sectors in this process is petrochemicals, which further increase the need for oil.

Romania's oil reserves are sufficient, according to Western estimates to allow production at the current rate of 14.5m-15.5m tonnes per year to be maintained for the next decade. But unless new fields are discovered, production in production can be expected in the 1990s.

During the 1960s, domestic oil consumption was significantly below production, thus facilitating substantial exports of oil products. Now, however, because of the increased domestic demand and the continued export of petrochemicals, Romania is expected that such power could provide about 11 per cent of the country's primary energy requirements by 1980.

But there is also a tendency to switch to thermal power stations from natural gas and oil to solid fuels, and this will to buy—albeit in small measures

crude from the Soviet Union in the late 1980s or radically cut its industrial growth rate. The high price of Middle East oil has caused considerable concern to Romanian planners—so much so that Romania may be reluctant and turn to the cheaper Soviet imports.

The long-mooted Constanza oil project—refining Kuwaiti crude in Romania for eventual export—illustrates the difficulties Bucharest faces in oil deals with the Middle East. Intent on minimising foreign involvement in its economy, Romania is firmly resisting Kuwaiti proposals for share in the refinery's profits and holding out for one-off payments per shipment.

Romania is understood to be sounding out Nigeria to replace Kuwait in the project. But with a new OPEC price rise in the offing, the potential of Soviet oil will become more attractive.

Natural gas production is primarily in the hydrocarbons—a similar problem. Natural gas output has been sufficient to meet domestic demand during the past 10 to 15 years and to provide for a small export to Hungary from the Transylvanian fields. But since 1970 output has not increased and is expected to peak at about 30m cubic metres. This is enough for present production but it is far from sufficient to meet the growing demand for gas in the country, which is to grow as rapidly as planned, gas will have to be imported—almost certainly from the Soviet Union.

Romanian planners expect to electrify some 85 per cent of the country by 1980 and are planning to make more use of hydroelectric generated power. They expect that such power could provide about 11 per cent of the country's primary energy requirements by 1980.

But there is also a tendency to switch to thermal power stations from natural gas and oil to solid fuels, and this will to buy—albeit in small measures

It will also increase Romania's dependence on imports of brown coal and lignite—imports which may well come from Comecon. It is nuclear how deep Romania's energy dependence will bite. There is a wide-ranging energy saving programme and energy planners talk of the growing role of nuclear power. But the planners' concern is evident. Romania cannot stay as independent from Comecon as its foreign policy dictates unless growth rates are scaled down in the 1980s.

President Ceausescu, on his present form, will be reluctant to slow down the pace of industrialisation, which he has equated with all-round better living standards. But the price of such growth may be high: an increasing dependence on Soviet and East European energy resources and the full incorporation of Romania into the Comecon fold.

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## Swedish energy body gives backing for nuclear power

BY WILLIAM DUFFLOR

STOCKHOLM, June 14.

SWEDEN'S Energy Commission has decided by a majority of ten to five that nuclear waste can be safely treated and stored. The majority recommends that nuclear power continue to be an energy source but leaves open the question of how many reactors shall be built. Sweden currently has ten in operation or in various stages of construction.

The Commission was set up by the Government early last year shortly after the three non-Socialist parties had won power in an election during which the new Prime Minister, Mr. Thorbjörn Fälldin, had promised to do away with nuclear power. The Commission's final report, tabled yesterday, does nothing to resolve the impasse within the coalition over nuclear policy and paves the way for a government crisis later this year.

The question now is whether the national conference of Mr. Fälldin's Centre Party at the end of this week can open the way for any compromise acceptable to the moderates (Conservatives) and Liberals, who favour continuation of the nuclear programme. The minority of five opposed nuclear power comprised the two Centre Party representatives, a Communist and two outside experts.

Its chairman, Mr. Ove Rainer, stated that the conclusions of the Commission majority left room for political compromise but he pointed out that it was backed by a large majority within parliament and the trade unions, which should make a political decision possible.

Mr. Rainer also stated that he had never experienced such intolerance and lack of respect for others' views as during the Commission's work. The whole energy situation was in political deadlock.

The Minister of Energy, Mr. Olof Johansson (Centre Party), said yesterday that the final decision on nuclear policy would be based on the current investigation into the nuclear fuel safety project, which the industry affirms will meet the requirements laid down in the nuclear safety act passed by the present parliament, and on current international investigations into nuclear safety.

He has promised that a decision will be taken in August about the building of the two reactors now nearing the commissioning stage. In the final analysis this decision will depend on the conscience of Mr. Fälldin.

## Norwegian production costs 'must be reduced'

By Our Own Correspondent

STOCKHOLM, June 14.

**STRONGER MEASURES**, including a more severe reduction in domestic consumption, must be taken to reduce Norwegian industry's production cost to the level prevailing in competing countries, the Norwegian Federation of Industries urges in its latest economic survey. It expects industrial production (excluding oil) to drop by 2 per cent in 1978, which will be the fourth successive year of either decline or only marginal growth.

Last year Norway's traditional exports slumped by 4.5 per cent in volume. The Federation evaluates the loss in market shares to Nkr 2bn (£200m) and warns that the non-oil export industry will continue to lose market shares for several years to come.

During the first four months of this year the value of exports dropped a further 2 per cent and the Federation estimates that, even with an improvement later in the year, there will be another fall in export volume of about 1 per cent in 1978.

The reason for this poor performance, the Federation believes, lies in the development of Norwegian labour unit costs which rose 25-30 per cent more than those of Norway's main competing countries in the 1974-77 period.

Industry costs needed to be adjusted so heavily and so quickly that it was unrealistic to hope that the problem could be solved through an incomes policy alone, the Federation states in a report aimed at the Labour Government.

The Federation wants domestic demand, including public consumption, to be reduced further. The Government has hesitated to act more strongly because of the effect on employment but the Federation argues that there is no other course.

Shrinking shipyards, Page 30

## SPAIN'S UNEMPLOYMENT

# The high cost of cutting inflation

BY ROBERT GRAHAM IN MADRID

SPANIARDS ARE paying for a successful curb on inflation by an increasingly high level of unemployment. One of every 14 of Spain's active population has no job. If the number of marginally employed is added, the proportion is almost one in 10.

The calculations are based on figures provided by the National Statistics Institute for the first quarter of the year. Although the accuracy of the Official figures is open to challenge, no one will dispute that Spain is experiencing the highest level of unemployment since the 1950s. Ministers and senior officials are giving the matter the utmost priority while the opposition parties and the trade unions are increasingly vociferous in their demands for remedial measures.

The official figure has yet to top the psychological barrier of 1m. According to the National Statistics Institute, at the end of March 927,500 people were either out of a job or seeking to find employment for the first time. A further 186,000, primarily in the agricultural sector, were considered to be marginally employed. The total active population is 13.2m.

These are the figures which the Government works from and are accepted as the most accurate by the Communist controlled trades union. Though the Socialist orientated trades union puts the figure as high as 1.2m. The Ministry of Labour, using its own estimates, for February, that the unemployment total is 744,702.

The National Statistics Institute uses a sample of 60,000 households and while the model is considered good, there are understood to be certain deficiencies in its operation. The most disturbing global trend is the steady upward movement of unemployment in the past four years. Since 1974 the number of unemployed as a percentage of the total active population has moved from 1.39 per cent to over 8 per cent.

The structure of unemployment has remained relatively constant with almost 40 per cent in co-operation with the UGT, comprising school leavers and graduates in search of their first job. However, the picture has

altered slightly with more people coming onto the labour market from industry and the construction sector as a result of the recession. This trend resulted from a combination of the slowdown of growth since 1973 and last autumn's tough anti-inflationary measures designed to control money supply and hold down wages. The virtual halving of

**The virtual halving of inflation in Spain to an annual rate of around 17 per cent by April and the unprecedented level of foreign reserves of \$7.3bn have been achieved at the expense of depressed demand and high unemployment.**

inflation to an annual rate of around 17 per cent by April and the unprecedented level of foreign reserves of \$7.3bn have been achieved at the expense of depressed demand and high unemployment.

The most immediate problem is that of unemployment benefit. By general consent an acceptably few unemployed are receiving any form of social security payments. The state-run social security organisation says that in May unemployment benefits were being paid to 444,742 people, which was less than half the total number unemployed.

An inadequate social security system makes it difficult, if not impossible, to extend unemployment benefits across the board. In effect all those looking for their first job are excluded. Workers often find that they are not covered because companies have fallen into arrears with their social security contributions. However, the social security budget has until now had insufficient funds to provide comprehensive unemployment benefits.

As part of the Moncloa Pact—the package of political and economic measures agreed by Government and opposition last October—the system is being radically overhauled. There is also a draft law before parliament, drawn up by the Socialists in co-operation with the UGT, to cope with unemployment. It envisages a substantial improve-

ment of both the amounts of emigrant work elsewhere in Europe, suffer far more in a recession. Excess labour in the South has been the main dynamic behind internal migration to the more prosperous areas, supplying the bulk of cheap industrial labour, especially in the construction sector. When, as now, construction activity falls in Barcelona and Madrid, immigrant labour is the first to be squeezed. There is a note of urgency about dealing with unemployment in the South since opinion could easily become radical there.

The Government appears to be in a dilemma. With the question of regional autonomy still unresolved until the new constitution is approved, the granting of special regional aid packages is not easy. The Government would also like to devolve more responsibility for local employment to the municipalities. Yet this can only happen once the municipal elections have been held and they are not due before the end of the year.

Added to this there are economic considerations attached to a mild recession which any significant job creation initiatives must entail. Unemployment has been the chief weapon which the Government has used to impose its 22 per cent ceiling on wage rises for 1978. Almost certainly that ceiling will have to be substantially lower next year—probably halved if Spain is to continue to control inflation and prepare for recovery.

In other words the Government has to weigh the social and political consequences of allowing unemployment to follow market forces, as it does at the moment, against the prospect of restarting the inflationary spiral. There will be a temporary unemployment is at its worst in precisely those areas where economic development is least advanced. For instance, parts of Andalusia, like Cadiz, Malaga, and Seville, have jobless unemployment ratios ranging between 14 to almost 16 per cent—almost double the national average. These areas moreover, with a halt to the overall rise of out the former safety valve of unemployment.

## Bomb hits Rome's lighting

BY PAUL BETTS

ROME, June 14.

THE DAY-TO-DAY reality of political violence in Italy has again been forcefully brought to the public's attention when left-wing Red Brigades terrorists bombed and seriously damaged a Rome power station causing a major black-out in several districts of the capital.

The attack came only hours before Sig. Virginio Rognoni, the new Interior Minister, was sworn in today by President Giovanni Leone.

The surprise appointment of Sig. Rognoni, a little-known Christian Democrat politician, up to now Vice-President of the Chamber of Deputies, was announced late last night.

Following the resignation of Sig. Francesco Cossiga after the Moro affair, the sensitive Interior portfolio was taken over on an

interim basis by Prime Minister Giulio Andreotti, who during the last few days had been coming under increasing political pressure to nominate Sig. Cossiga's successor.

The Prime Minister is now turning his attention to Italy's economic problems. This follows strong criticism from the Communists for the Administration's delays in enforcing the economic and social programme to bring the country out of its current crisis.

Economic Ministers, experts from the political parties and trade union leaders are due to meet tomorrow to discuss a further package of measures to reduce public expenditure and reconstruct financially-troubled companies.

## U.S. citizens in Moscow worried by arrest

MOSCOW, June 14.

MISS VIRGINIA OLBRIISH, a U.S. embassy secretary engaged to Mr. Francis Jay Crawford, the businessman arrested by Russian police on Monday, visited him at a KGB security jail here today.

Meanwhile members of the American business community, worried by the arrest, consulted U.S. diplomats at a working lunch. "There's a great deal of concern about whether this is the sign of things to come," one of them told reporters afterwards.

Miss Olbrish, who took clothing and other personal effects to the jail today was with Mr. Crawford when police pulled him from his car in the heart of Moscow on Monday evening. He faces smuggling charges for which he could be given up to 10 years in a labour camp.

U.S. officials are known to regard the police action as retaliation for the arrest last month of two Soviet employees at the United Nations. The two have been accused of stealing U.S. military secrets.

Mr. Crawford's arrest is also seen as a symptom of the strains in Soviet-American relations over such issues as human rights and developments in Africa. There is speculation that police were told to act as they did, rather than arresting Mr. Crawford at home or at work, to cause the maximum shock to U.S. leaders and public.

A few hours before Mr. Crawford was seized the Soviet Government newspaper complained of anti-Soviet hysteria in the U.S. over recent spying allegations, and said: "we're not scared easily."

Mr. Crawford, aged 34, who has worked here for two years for International Harvester, is understood to be denying the charges. Another U.S. businessman, who asked not to be named, said he and his colleagues were told by their embassy to "keep our noses clean."

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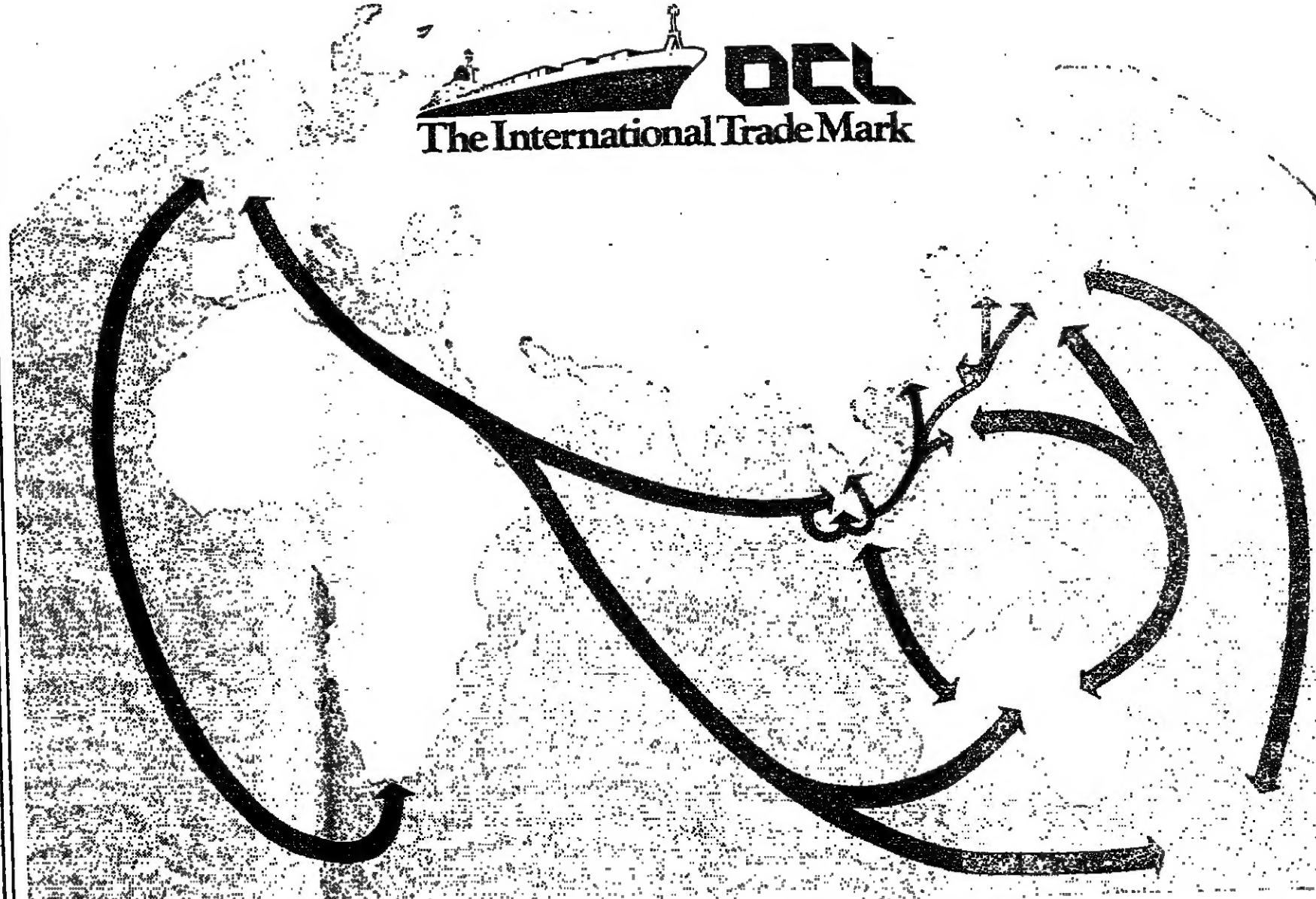
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## OVERSEAS NEWS

## Israelis to press UN over guerrilla pledge

BY DAVID LENNON

TEL AVIV, June 14.

ISRAEL intends to apply strong pressure on the UN to keep Palestinian guerrillas out of south Lebanon, from where it finally withdrew its troops yesterday after three months of occupation.

Only hours after the last troops had left Mr. Moshe Dayan, the Foreign Minister, complained that the UN troops had permitted guerrillas to re-enter the areas evacuated earlier by Israel.

Mr. Dayan sent a sharp Note to Dr. Kurt Waldheim, the UN Secretary General, accusing him of failing to keep his pledge that the UN peacekeeping force would remain free of Palestinian guerrillas.

The Foreign Minister wrote that "hundreds" of guerrillas were now in the areas formerly occupied by Israel. He criticised the UN peacekeeping force for permitting the Palestine Liberation Organisation (PLO) to send supplies to the men who had infiltrated the UN area. He noted that certain units of the UN (Unifil) even had PLO liaison men attached to them.

Israel believes that about 350 guerrillas have entered the areas which Israel handed over to the UN during earlier stages of the withdrawal.

Knesset members drawing up a balance sheet for the three-month operation Litani said that on the positive side was the destruction of the Palestinian bases in the area, the introduction of the UN troops robbing the guerrillas of the freedom to operate openly, and the creation of a strip along the border policed by the Israeli-backed Christian militia.

On the negative side they see the inability of the UN troops to control completely the area, and the fact that the UN now negotiates with Mr. Yasser Arafat, the PLO chairman, as an equal. Many also feel that the presence of the UN troops will inhibit any future Israel strike into south Lebanon.

Meanwhile, Mr. Menahem Begin, the Israeli Prime Minister, who has been in poor health for some time, has decided to "take a vacation at home for a few days, according to his aides."

Mr. Begin resumed public activity 10 days ago after spending nearly two weeks at home. He was suffering from "a high temperature and fatigue," according to the Cabinet Secretary.

His doctors have denied the Prime Minister is seriously ill.

## Row over Christians' role

BY IHSAN HIJAZI

BEIRUT, June 14.

LEBANON TODAY informed the United Nations that Major Saad Haddad, commander of the rightwing Christian militia in southern Lebanon, does not legitimately represent the Lebanese authorities.

But confusion remains and at the UN headquarters in New York, Dr. Kurt Waldheim, the UN Secretary General, said Major Haddad had been provisionally recognised by the Lebanese Government as de facto commander of the Lebanese forces in his area.

The Lebanese Government's position was explained at a meeting between President Elias Sarkis and Lt-General Ensis Silasvuo, the chief co-ordinator of UN peace mission in the Middle East.

General Silasvuo arrived here from Jerusalem at the request of the Government after the argument which has arisen over statements by Major-General Emmanuel Erskine, the Ghanaian Commander of UN

interim forces in Lebanon. General Erskine told reporters at Nakoura yesterday that his understanding was that Major Haddad represented the Lebanese authorities in the border area with Israel. The Lebanese Government has issued a "strong denial of this."

Withdrawing Israeli troops yesterday turned their positions over to Major Haddad and his men, and told Unifil to deal with him directly.

Major Haddad declared that UN troops will be allowed in the area only with his permission.

The government has not publicly stated its stand towards Major Haddad. General Khoury, the commander of the army, has sent instructions to Major Haddad that he and his men should confine themselves to their barracks, and let the UN troops deal with security matters in the border strip pending the arrival of new units of the Lebanese army.

## Yen rises further against the dollar

TOKYO, June 14.

THE DOLLAR today closed at ¥217 after active trading on the Tokyo foreign exchange market—down 35 points from yesterday's closing price.

However, the U.S. unit was trading well above the rock bottom level of ¥215.30 it touched at one point here yesterday. Despite today's relative recovery, dealers said they expected the dollar to plunge still further after the forthcoming publication of Japan's May trade figures.

The figures are expected to show a continuing increase in Japan's already huge trade surplus with the rest of the world. The Japanese surplus and the U.S. trade deficit to which it has contributed, has been one of the fundamental factors behind the fall in the value of the dollar. The dollar today in fact closed 10 points up on its opening price of ¥216.90 in Tokyo, but today's final price of ¥217 is still its lowest ever closing level on the Tokyo exchange. Since Monday the dollar's bottom prices have been spiralling downwards as foreign exchange markets open and close around the world.

Reuter

## Carter-Desai talks finish

WASHINGTON, June 14.

PRESIDENT CARTER and Indian Prime Minister Morarji Desai ended two days of talks today without resolving differences over nuclear policy.

U.S. officials said the Prime Minister was still refusing to accept safeguards stipulated in a new American law for nuclear power plants as a condition for the sale of U.S. enriched uranium to other countries.

"We are hopeful that in the next 18 to 24 months there will be a basis for India to accept full-scope safeguards," one official said.

A White House statement said Mr. Carter and the 82-year-old Indian leader discussed Soviet-American negotiations for a strategic arms limitation agreement, Africa and South-east Asia.

The President expressed his support for Prime Minister Desai's concept of genuine non-alignment," it said.

A joint communique was to be issued tomorrow.

Earlier in a speech to the national press club, Mr. Desai said the nuclear powers could not expect countries such as India to accept rigid nuclear safeguards while remaining free to expand their own arsenals.

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## THE SECOND ANNIVERSARY OF SOWETO

## Black movements: destroyed or underground

BY QUENTIN PEEL IN JOHANNESBURG

"SOME of the whites are living here in town as if they were living overseas." Those are the words of a black church worker who lives in the black township complex of Port Elizabeth, an ugly industrial city on the South African coast, which boasts to be the motor industry capital of the country.

In the past year the city, or to be exact its black townships, has won the dubious distinction of being the principal centre of urban black unrest, and security police activity, in South Africa. Yet the white population of Port Elizabeth, and of the rest of South Africa, scarcely know anything of it.

The same words could apply to virtually any of South Africa's divided cities. Johannesburg and Soweto, Cape Town and Langs, Guguletu, Pretoria and Atteridgeville or Mamelodi, Durban and KwaMashu. On the eve of the second anniversary of the outbreak of riots in Soweto, the white population of South Africa knows less about what is going on in those neighbouring black communities than it did pre-1976.

The past year has been characterised primarily by the massive security clampdown on black political activity, which reached a climax on October 19 with the banning of 18 black consciousness organisations and the detention of dozens of prominent black leaders. There has been a continuous stream of security trials through the courts—more than 60 currently under way, and a further 80 still pending.

In the past month, the police have suddenly launched a further massive security operation. More than 3,000 blacks have been

detained at roadblocks set up in major townships throughout the country—most simply for "pass" offences, not carrying their identity document. Security police have also detained some 30 political activists, including black journalists and church workers, under the security laws. The actions follow a statement by the new police commissioner, General Mike Golding, that security police are taking the "necessary steps" to prevent any violence on June 16, the Soweto anniversary.

A rash of police pronouncements has done little to clear up the confusion. On the one hand senior officers claim to have the whole situation under control. On the other they warn of "4,000 urban terrorists" in training outside the country, and large numbers who have been picked up coming back into South Africa armed with Soviet-made weapons and explosives. The blanket nature of their current operation would appear to belie their confidence. But on the surface, at least, the massive security response to urban unrest would appear to have brought it under control.

The question is to what extent the banning of organised black political protest has destroyed the movement or just forced its organisations underground. If the organisations do still exist, how well organised are they? Certainly there has been no opportunity to reorganise openly. Of the two attempts made in Soweto last week, the Soweto Action Committee leaders are detained, imprisoned, and the Azania People's Organisation (AZAPO)—both have lost virtually their entire leadership and order. Their schools are open in the latest detentions. Little has been heard of the Soweto Bantu education is still being

Students' League, which is supposed to have replaced the Soweto Students Representative Council. Most black children have returned to school after two years of intermittent boycotts. Disturbances have largely died down. New community councils, established by the government to grant a strictly limited measure of political responsibility to urban blacks, have been established in more than 80 locations.

There are widespread hopes that this year's commemoration of the slaughter of schoolchildren which occurred in June 1976 will be peaceful. Only the limited measure of political responsibility to urban blacks, all sports fixtures and entertainment to be called off over the weekend. But close observers fear that the situation remains totally unpredictable. In the first place they fear that the police activity could spark off exactly the sort of violence it is supposed to defuse. While they have promised to "allow the church services to go ahead, they have warned that no demonstrations will be allowed on the streets. Although the police in Soweto have learned to use anti-riot equipment, this is not so in most other parts of the country.

More fundamentally, however, the grievances of South Africa's urban blacks have changed little in the past two years. Nothing has changed for the better. A pamphlet which appeared in Soweto a week ago, "Our leaders are detained, imprisoned, or banned, while the system virtually their entire leadership and order. Their schools are open in the latest detentions. Little has been heard of the Soweto Bantu education is still being

forced down our throats... that trouble broke out but in Port Elizabeth and neighbouring Uitenhage, leaving 10 dead—eight from gunshot wounds, two burned to death. It was Port Elizabeth again which blew up after the funeral of Mr. Steve Biko, the black consciousness leader.

According to Brigadier C. F. Zietsman, head of the security police, 1,400 people had been brought to court in Port Elizabeth charged with offences connected with the unrest between June 1976 and April this year. That was more than half the national total of 2,800.

Perhaps the most dramatic example of the radicalisation to the extent to which Steve Biko has become a symbol of the struggle to the school students. It was only after his funeral that the disturbances really came to a head in Port Elizabeth, although the area has always been a centre of political activity. Now he has been written into a prayer. "I believe in Steve Biko, who has black power, the creator of the Black People's Convention and the South African Students Organisation, and in Samora, his only son. He was conceived by the spirit of black power. He was born of a maiden Alice. He suffered under Jimmy Kruger. He died and was buried. After five months he was followed by Robert Sobukwe, who is seated at the right hand of Steve Biko with the power of black power. He will come from there to judge the Boers, both living and dead. I believe in the spirit of black power, in the Government which has no discrimination, and in all the different nations, because South Africa belongs to all of us. Power is ours."

not. In Soweto there are little more than 14,000 in secondary schools, compared with 28,000 last year, and more than 34,000 before the riots. In Port Elizabeth the New Brighton township, the official figures say only 28,000 out of 38,000 returned. "It isn't calm. They are simply going underground," according to one former teacher. The concessions made by the Government simply highlight the continuing limitations: less school rights, but no freehold; community councils, but no finances; free school books, but supplies are already exhausted.

At the time of the first anniversary of the Soweto riots last year, it was not in Soweto itself

## No progress on Rhodesia

BY OUR OWN CORRESPONDENT

SALISBURY, June 14.

BRITISH AND American envoys exchange of views with the Rhodesian Government, the sources added.

One government official said: "The British and Americans appear to feel they have a duty and must make it look to the outside world that they are doing something, when in fact they are doing nothing at all."

Mr. John Graham, the British Foreign Office Under-Secretary, and Mr. Stephen Low, the U.S. Ambassador to Zambia, leave Rhodesia and have largely kept their movements and discussions secret.

The envoys intend to push ahead with their shuttle, travelling to Mozambique tomorrow night to meet Mr. Mugabe and then on to Tanzania, Zambia, and possibly Malawi, South Africa, and Botswana before returning to Salisbury next Tuesday or Wednesday.

Sources close to the transitional Government said the Rhodesian Government had brought no new proposals and the Administration would not reason to change its attitude. But the transitional Government welcomed the dialogue and

## Sino-Japan talks in final stage

BY CHARLES SMITH

TOKYO, June 14.

CHINA today apparently accepted a Japanese proposal for the start of final negotiations on a Sino-Japanese Peace and Friendship Treaty. The acceptance was conveyed to a Japanese Embassy official in Peking by the Deputy Director of the Asian Affairs Department of the Chinese Foreign Ministry.

Japan made its formal proposal for the resumption of treaty negotiations in late May following several months of internal deliberations during which the leaders of the ruling Liberal Democratic Party had been attempting to build a consensus in favour of restarting the negotiations.

The main obstacle has been objections from the Right wing of the LDP which favours close relations with Taiwan.

Another problem centred on the Chinese proposal for an "anti-hegemony" clause which is seen in some quarters as an attempt to align Japan on China's side of the Sino-Soviet dispute.

The delayed Chinese response to Japan's proposal for treaty talks was causing mild concern here early this week.

Japan appears to have been planning to recall its Ambassador in Peking for consultations in Tokyo if the Chinese reply had not been forthcoming.

Now that the Chinese have agreed to start talks, a decision of a negotiation is expected to be rapid. It would seem that

most of the major issues involved have been settled in informal contacts between the two sides.

The Peace and Friendship Treaty is the last in the series of bi-lateral agreements to which China and Japan committed themselves when normalisation of diplomatic relations took place in 1972.

The main purpose of the treaty appears to be to solve the diplomatic problems created by the existence of a previous peace treaty between Japan and the nationalist Chinese on Taiwan.

Japan was unwilling to agree to this and thus accepted the compromise formula of a "Peace and Friendship" Treaty to be signed with China.

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## AMERICAN NEWS

## Filling station ban on refiners upheld by Supreme Court

BY JUREK MARTIN

WASHINGTON, June 14.

THE SUPREME COURT may well have set in train today a course of events that could alter the face of petrol retailing in the United States, even to the point of leading to the effective dismantling of the direct marketing operations of the major oil producing and refining companies.

The court today upheld a Maryland state law which specifically prohibits oil producers and refiners from directly operating their retail filling stations in the state.

The Maryland law was enacted after the 1973 Arab oil embargo when a state commission found that company-operated service stations were getting all the petrol they needed while independent dealers were being denied supplies.

The major oil companies, led by Exxon, Shell, Gulf, Ashland and Conoco, took legal action against the law but were defeated in the State Court of Appeals. After today's action by the Supreme Court, Exxon issued a statement expressing disappointment at the court's verdict but saying that it would lead to higher costs to the consumer.

Only the District of Columbia has legislation similar to that in Maryland. But both Delaware and Virginia have started moves in the same direction and a number of other states have expressed interest in such a law. It will now be up to the individual state legislatures to take the necessary action, which will inevitably be a time-consuming and uncertain process.

Nevertheless, the Supreme Court opinion made it clear that irrespective of whether such laws made economic sense or not, the primacy of the states in this area could not be doubted. Justice John Paul Stevens, writing the majority opinion, said:

## Energy price-rise urged

BY OUR OWN CORRESPONDENT WASHINGTON, June 14.

THE WORLD'S major industrialised countries should sharply increase energy prices so as to encourage conservation and development of alternative sources of supply, according to a report issued here under the auspices of the Trilateral Commission, the influential private group which seeks to promote closer co-operation between the U.S., Europe and Japan. It adds that current known oil supplies are probably adequate to meet demand for several years and possibly into the early 1990s.

The Commission's report has to be seen in the context of the debate over the adequacy of existing fossil fuel reserves. The U.S. Administration has tended to argue that oil shortages are not far over the horizon, while industry studies have contended otherwise, providing that the oil companies are permitted more aggressive exploration and exploitation.

The basic message of the report is that the apparent energy sufficiency of the mid-term future may turn out to be a mixed blessing because of its deterrent to conservation and the development of alternative energy supplies.

The report, whose principal author, Mr. John Sawhill, is a former U.S. Federal Energy Administrator, calls for higher

## Carter discounts Castro denial of involvement in Zaire invasion

BY OUR OWN CORRESPONDENT

PRESIDENT CARTER told a news conference today that the U.S. has "firm proof" that Cuba helped train the Katangan forces, that invaded Zaire last month, but said he had no desire to get into a public debate with President Fidel Castro of Cuba on the subject.

He said he planned no "retaliatory action" against Cuba nor did the U.S. intend

to become further involved in Zaire or in any pan-African intervention force. He went out of his way to reassure President Julius Nyerere of Tanzania who has been critical of the U.S. reaction to reported Cuban involvement.

Mr. Carter was responding to President Castro's statement on Tuesday that Cuba had not been involved in the invasion and that U.S. statements to the

contrary were lies "manufactured" by Dr. Zbigniew Brzezinski, the President's national security adviser, and others.

"The fact is that Mr. Castro could have done much more if he genuinely wanted to stop the invasion," Mr. Carter said. "The Washington air is currently thick with information from sources who cannot be named but whose information,

according to other informed sources inside the Administration, proves that the U.S. is telling the truth. Some of these officials provided more evidence to bolster their case at a White House briefing last night, but there is no independent way to verify what was said."

According to reports of their briefing last night, these officials said that in March last

year the first invasion of Shaba Cubans and East Germans were involved in Zaire was planned and prepared in "close co-ordination" with Cuban and Angolan troops using arms from Cuban and Angolan stockpiles.

Last summer, these officials continued, Cuban units were training Katangans in at least five locations and planning for the May incursion began as

WASHINGTON, June 14.

long ago as June, 1977. Both involved with some 5,500 Katangans in Angola in August of last year.

Further, these officials said U.S. intelligence suggests that Cuban troops accompanied the Katangans as far as the Zambian border before the May invasion. The Katangans had to cross through a small part of Zambia before entering Zaire.

complexities of African affairs—and the differences between countries—to be allowed to play such a public role in Africa policy. They believe, in short, that he has over-reacted to Soviet actions and driven the President into a corner where he has little alternative but to "play it tough."

Yet in practice Zbigniew is not filling the vacuum to anything like the extent that some of his critics charge, and it is highly probable that he would not want to. He remains a close personal friend of Mr. Vance in spite of the clear policy differences between State Department and the National Security Council.

Zbigniew himself says that the differences between him and the administration are mostly a matter of degree. He strongly supports détente, and he also believes that the U.S. with the trauma of Vietnam behind it, is now in a strong position to challenge the Soviet Union ideologically.

These same critics say that Zbigniew knows too little about the Soviet Union ideologically.

## Brzezinski: voice in disharmony

BY DAVID BELL IN WASHINGTON

Castro of Cuba singled out Dr. Brzezinski and accused him of "manufacturing" lies about Cuban involvement in Zaire. By contrast he paid heavily qualified compliments to both Mr. Cyrus Vance, the Secretary of State, and President Carter.

The Soviet Union has been attacking Zbigniew for months, charging him with resurrecting cold war attitudes and deliberately trying to sabotage détente and the SALT talks. In the past few weeks the attacks on him have become more strident and Russian commentators have claimed to identify his hand in all the tougher parts of the President's recent speeches.

It is a relationship which, for the moment at least, is pre-occupying much of Washington. Zbigniew is credited with having been the President's ear over Africa and over the link between Soviet and Cuban activities there and the strategic arms talks.

Yesterday, President Fidel

Brzezinski and Mr. Andrew

Young, Ambassador to the U.N. Since then this group has expanded to include Vice President Mondale, Dr. Harold Brown, the Defence Secretary, and Mr. Hamilton Jordan, Mr. Carter's chief aide, who now has special responsibility for the domestic implications of foreign policy.

Last week's speech by Mr. Carter, which was supposed to clarify his policy, clearly bore the imprint of each of these men. It was in turn tough and conciliatory, reflecting the disagreements within the Administration about how to deal with the complex challenges presented by the Soviet Union.

Interestingly enough, the whole speech was written in longhand by Mr. Carter himself, and it left the clear impression that the President has still not really made up his mind about how to respond to Soviet and Cuban activities in Africa and else-

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## Citibank warning of new credit crunch ahead

BY STEWART FLEMING

NEW YORK, June 14.

A WARNING that the U.S. is elsewhere in the country bank heading for another credit crunch because of surging loan demand from corporations and households - from about the impact of strong demand for the Citibank, the second largest U.S. bank, from consumers and businesses.

In its monthly economic letter, the bank says that for the coming year the current period would exert further upward pressure on rates.

It is reminiscent of 1969, 1969 and 1973-74. The bank says that the rate of growth of outstanding short and intermediate debt is proceeding at a frantic pace. It declined that bank loans which declined in absolute terms in 1975 and increased by only \$2bn in 1976. Economists have tended to underestimate the growth of bank credit because little expansion has been seen in lending at the New York banks. But

## Strike fails to halt the News

By Our Own Correspondent

NEW YORK, June 14.

THE NEW YORK Daily News achieved a lower than normal distribution of a 64-page paper this morning in spite of a strike by 1,340 staff.

Journalists and commercial staff went on strike yesterday afternoon with the expiry of a strike deadline. They have been working since March 30 without a new pay contract and negotiations yesterday remained deadlocked over a number of issues stemming mostly from the management's desire to cut production costs.

Eight of the ten craft unions at the Daily News have pledged to support the Newspaper Guild, which represents the strikers, but the management is still confident that a small staff of non-union members and managers will be able to produce a newspaper again today.

## Singer blow to New York city

By John Wyles

NEW YORK, June 14.

THE SINGER company, which has been based in New York city since 1883, has dealt a blow to the steady exodus of companies moving their headquarters out of New York City.

Although the departure rate seems to have eased in the last two or three years, Singer's surprise decision to leave New York announced yesterday demonstrates that lower taxes and a better working environment are still a powerful lure for many cost-conscious corporations.

Singer plans to move to Stamford, Connecticut in 1979 where it says it will achieve substantial savings on operating costs, most notably \$250,000 a year in taxes and occupancy costs on its headquarters at Rockefeller Plaza, Manhattan.



## WORLD TRADE NEWS

## Carter's task force hopes to broaden Exim range

BY JUREK MARTIN

WASHINGTON, June 14.

THE SPECIAL interagency task force convened to devise ways of stimulating sluggish American exports is expected to present its report to President Carter within the next week.

The task force, headed by Mrs. Juanita Krens, the Secretary of Commerce, was created by the President earlier this year in the face of the growing U.S. trade deficit. Over the first four months of the year, the U.S. incurred a deficit of \$12.5bn, nearly \$5bn up on the record pace achieved in the same period of 1977.

While the key reasons for the shortfalls are essentially macro-economic—the level of U.S. oil imports and growth differentials between the U.S. and its major trading partners—a consistently disturbing factor has been the extremely modest advance of exports. The 3 per cent increase achieved so far this year, compared with last year's returns, is less than half the 12 per cent

rise in imports, and has given strength to the popular belief that American competitiveness in world markets has been sorely weakened in recent years.

The task force is known to be considering a number of broad lines of action. Heading this list are:

● Expanding and liberalising the activities of the Export-Import Bank. So far this year, under the more aggressive leadership of Mr. John Moore, an old Georgian associate of the President, export loans approved by the Eximbank have quadrupled, and the Administration has already asked Congress to increase the Agency's lending authority to \$40bn from its current \$25bn ceiling.

It is thought possible that the task force will recommend that the Eximbank be empowered to finance not only foreign buyers of U.S. goods, as at present, but also export-oriented plant and

equipment expenditure in the U.S.

● New tax breaks and incentives for exporting companies with a particular intention of encouraging companies which have to date ignored the export market to enter it. Companies may, it is speculated, be given credits for establishing foreign sales offices and be given faster depreciation on export capital investments.

The underlying feeling is that the export trade is still too dominated by the major multinational companies. At a special seminar in Pennsylvania yesterday, one of a series being held across the country, the acting president of the Overseas Private Investment Corporation (OPIC) told a group of executives from small and minority-owned firms that "the nation's international business is too important to leave to big business alone."

The Administration would still like to phase out the use of DISCOM—the domestic international sales device—on the grounds that the major multinational companies avail themselves of the opportunities provided and at a cost to the government which is not justified by the returns in increased exports. But it is also accepted that, in the light of the trade deficit and powerful lobbying pressures being exerted on Congress, such action is unlikely in the near future.

● Also on the probable task force agenda is an easing of regulatory obstacles to companies wishing to get into the export business, greater government assistance in both product and research and the identification of potentially lucrative markets for U.S. exporters, and perhaps the creation of a global computerised network using U.S. government offices overseas which would be made available to exporting companies.

## Britain and Japan agree on computer software exchange

BY MAX WILKINSON

OUTLINE AGREEMENT has now been reached for the sale of British computer programme expertise to Japanese manufacturers to help them expand their share of the U.S. and European markets.

The Computer Services Association, representing 150 software companies in the U.K., is expecting to sign an agreement for exchange of programmes with the Japanese Software Institute by the end of next month.

The link-up is being supported by the Department of Industry and the Japanese Ministry of Trade and Industry.

Mr. Alan Benjamin, director of the Computer Services Association, said last night that he hoped the understandings now being reached would lead to sales of up to £20m worth of software a year in the next few years.

The Japanese ambition to move into European markets is indicated by the recent agreement by Siemens of Germany to market Fujitsu's larger computer. Fujitsu also has links with Andahli in the U.S.

The Computer Services Association has distributed a detailed account of its members' specialities to Japanese computer manufacturers, and it has undertaken to act as a broker between any manufacturer and software company in the U.K. Its efforts to market British software run parallel to those of the National Enterprise Board which has set up a subsidiary called Insee to sell software in the U.S.

The four companies which are co-operating with Insee are all members of the CSA, but as yet Insee itself has not joined, and no formal co-operation between the efforts of the two bodies appears so far to have been considered.

## Dutch dollar risk scheme attracts strong interest

BY CHARLES BATCHELOR

AMSTERDAM, June 14.

THE DUTCH Credit Insurance Company (NCM) has improved the cover it gives on export contracts denominated in U.S. dollars. It has reported strong interest for the scheme, which is introduced at the request of exporters and banks.

Banks can obtain cover from the NCM for the payment risks attached to loans granted to the foreign purchaser or his bank on export orders. Any loss on dollar denominated orders will now be met by the NCM at the dollar/guilder rate prevailing on the date the compensation is paid. Normal cover for other currencies, and up to now of dollar risks, is given at the rate

prevailing on the expiry date of the insurance contract or on the date of signing of the loan agreement.

NCM has thus taken over the currency risks inherent in a rise of the dollar against the guilder, it said.

The Credit Insurance Company has contacts with the Export Credit Guarantee Department in the U.K. which recently introduced a similar scheme although there is no direct link, according to the spokesman.

Dutch exporters have been pressing for improved facilities to stimulate the country's sluggish foreign trade performance.

## Low British content in export to West Germany

FINANCIAL TIMES REPORTER

GOODS BRITAIN bought from West Germany last year were 93 per cent German-made. There were 93 per cent German-made goods exported to Britain, according to figures published by the Federal Republic.

The resulting imbalance in added value terms was therefore greater than that apparent from figures for locally-made goods, which showed that British imports last year totalled DM 14.6bn (up 20 per cent on 1976) while sales to the Federal Republic were DM 10.5bn (up 22.5 per cent).

Looking at the total trade between the two countries, however, the picture is reversed: the Germans bought in the U.K. goods valued at DM 20bn and sold to Britain goods valued at DM 15.5bn.

The imbalance in local manufacture reflects sales by Britain of goods originating in the Commonwealth and elsewhere and the importance of Britain—primarily London—as an international trade centre.

The Federal Republic last year maintained its position as Britain's second most important market (only the U.S. is bigger), taking 7.8 per cent of all exports of British products.

Britain ranks as seventh biggest customer with 5.5 per cent of German exports. British sales to the Federal Republic were 4.4 per cent of all German imports, making the country the sixth main supplier.

The way in which British exports to the Federal Republic increased last year reflects growing trade links between two of the biggest members of the EEC and one of the highest growth rates among supplier countries.

British earnings of D-marks are likely to be substantially increased by the heavy spending of German tourists in the British Isles. In 1977 tourists from the Federal Republic spent DM48m more here than British visitors

did in Germany. The surplus in 1976 was only DM 405m. There is no doubt that the figure for 1978 will be higher.

Machinery is by far the largest item of West German expenditure at DM 687m, plus another DM 330m for office machinery. In 1977 this was followed by crude oil (DM 646m) compared with none in 1976) and cars (DM 615m). Other big items were chemical products, including synthetic materials (DM 474m) and finished chemical products (DM 308m).

Cars were by far the biggest item in Britain's "shopping list" in the Federal Republic—worth DM 2,038m. Machinery was second with DM 1,850m (plus office machines valued at DM 398m). Other big items were chemical products (DM 889m) and electrical products (DM 736m).

The close economic relations between the two countries also found expression in considerable

investment. Between 1976 and 1977, direct investment in Britain by private German companies increased by 7 per cent to DM 2,128m, making Britain the sixth most important investment country in Europe for private German capital.

Main German investment has been in the oil industry (DM 780m), chemical industry (DM 370m), banking (DM 185m) and insurance (DM 183m).

Britain, however, is still a much greater investor in the Federal Republic, ranking as fourth largest overall. Here, too, the investments are spread over a large number and variety of concerns, but those that have attracted most British capital are holding companies (DM 737m), mechanical engineering (DM 375m), chemical industry (DM 344m) and banking (DM 322m). British holdings in Germany totalled DM 4,770m in 1977, an increase of 3 per cent during the year.

## Nepal-India hydro project

BY OUR OWN CORRESPONDENT

KATHMANDU, June 14.

WITH THE signing of an agreement between Nepal and India for the construction of the \$35m Devidhat hydropower project, Nepal has taken another step towards its aim of fully tapping the vast hydropower resources of the Himalayas.

Nepal's powerful rivers, which drop from 12,500 to 700 ft altitude in less than 100 miles, carrying millions of tons of water into the Ganges river system each year, hold 8,000 MW estimated power potential or the installed hydro-power capacity of Canada, the U.S. and Mexico together, according to experts here. Of that, Nepal utilises 67 MW.

Previously India, who over the past 25 years has been Nepal's largest aid donor, built the and Nepalese officials

18 MW Tripathi hydroelectric project upstream from the proposed site of Devidhat. When it is finished in five years Devidhat will use the surplus waters of the Tripathi plant to provide 14 MW of power to Nepal's growing industrial sector.

Altogether, Devidhat and the 60 MW Kulekhani project (now under construction directly south of the capital, Kathmandu) will more than double Nepal's installed power capacity within the next half decade.

Yet in terms of national and regional importance, Devidhat and even Kulekhani are overshadowed by the massive 3,800 MW Karnali and the 1,200 MW Pancheshwar projects. Both are now being discussed by Indian

## Jordan aims to be technology centre

BY RAMI G. KHOURI IN AMMAN

THE PROPOSAL by Jordan's Crown Prince Hassan last week that a Euro-Arab centre for the transfer of technology be established in Amman may at first appear to be the whimsical suggestion of a very Western-oriented and technocratic-thinking Arab—an assessment which would be unfair.

The suggestion, made by Prince Hassan at the second Arab-European Business Cooperation Symposium in Montreux, Switzerland, is in fact the latest in a more or less studied series of initiatives designed to offer Jordan as a natural commercial gateway into the vast Middle East market, as well as something of an indigenous Arab

centre for science and technology serving the Eastern Mediterranean and Arabian Peninsula countries.

Prince Hassan, 31-year-old younger brother of King Hussein, specifically proposed the establishment of a Euro-Arab centre for appropriate technology, the function of which he outlined as being a focal point receiving specific requests and providing proper answers regarding the transfer of appropriate technology, and a source of making financial arrangements "to lubricate the necessary technological transfers."

Prince Hassan and Jordan's new-found fascination with the whole question of the transfer of

technology is very much the child of necessity and circumstance, and initiatives such as this are Jordan's attempt to force a regional niche for itself instead of always being buffeted by the economic forces that blow all around it.

While it has no oil wealth, Jordan does enjoy a well-educated and technically trained population. This has led to a high Society, established in 1971 on regional demand for Jordanian Prince Hassan's initiative to workers, in the point where nearly 300,000 Jordanians now work outside the country, and the domestic workforce of only 400,000 is insufficient to fill all jobs in the booming Jordanian economy.

The fact that the domestic workforce is well educated, scale industries which it can

coupled with recent labour shortages, has led to an instinctive leaning towards capital-intensive and technologically advanced industries that require relatively less labour than would otherwise be needed.

The centrepiece of the country's dash into its institutionalised technological aspiration is the "Royal Scientific Society," established in 1971 on regional demand for Jordanian Prince Hassan's initiative to workers, in the point where nearly 300,000 Jordanians now work outside the country, and the domestic workforce of only 400,000 is insufficient to fill all jobs in the booming Jordanian economy.

The fact that the domestic workforce is well educated, scale industries which it can

tackle and often solve, given its greater resources, and the lack of any real research and development programmes among private or public institutions.

Jordan has woken up to the fact during the past three years that its potential in the context of the economic development of the Middle East is significant. It is the potential that it is now setting out to translate into fact, and the country's role as a "technological service centre" as both Prince Hassan and Dr. Butros Ghali, its central to Jordan's future self-image.

The provision of trained manpower to its nearby Arab neighbours is the most obvious of Jordan's roles—so obvious, in fact, that the country has tried, so far unsuccessfully, to receive financial compensation for the costs it incurs in providing this skilled labour.

The drive to use more sophisticated technology in manufacturing industries geared to regional markets is the next step in Jordan's efforts. The on-going establishment of four new zones throughout the country is the linchpin to attracting foreign investments for joint ventures in manufacturing, though many wholly-owned Jordanian industries have already established themselves outside the free zones and are already selling to markets next door.

Transport is emerging as a key pillar of Jordan's regional role. The state airline Alia has successfully introduced non-stop flights using Boeing Jumbo jets between Amman and New York, and is attracting freight and passenger business which, use Amman as the transit point for other Middle Eastern destinations.

The expansion of Aqaba Port and the new Amman Airport, both of which will be completed within two years, will only increase Jordan's capabilities in this area, and the construction of cold storage facilities at Aqaba—which the Australians are considering as a regional depot for their meat sales to the Arab world—will further prove the viability of the Jordanian planners' ideas for their country.

The more rapid movement of educated women into the workforce (fewer women emigrate than men) and the fact that over 40,000 Jordanians in universities abroad, should give the country the human raw material required to play its technology oriented role.

The fact that the scientists and engineers are Arabs makes them that much more valuable in the regional context and the proposal by Crown Prince Hassan last week for the establishment of a Euro-Arab centre for the transfer of technology thus takes on a much broader and more realistic Pan-Arab colouring if the centre is established in Amman.

The entry into service of some new free zones and the completion of some vital infrastructural schemes gives Jordan for the first time ever the facilities that any regional centre requires, be it centred on banking, manufacturing or anything else. The Jordanians are not used to being able to offer themselves as a functional entity of practical value to the international business community. They will probably be a bit clumsy in their initial self-promotion, but the fact that they are now proposing themselves as a centre for the transfer of technology between Europe and the Arab world is testament to a latent economic potential which is on the verge of being tested in a serious manner for the first time in the country's history.

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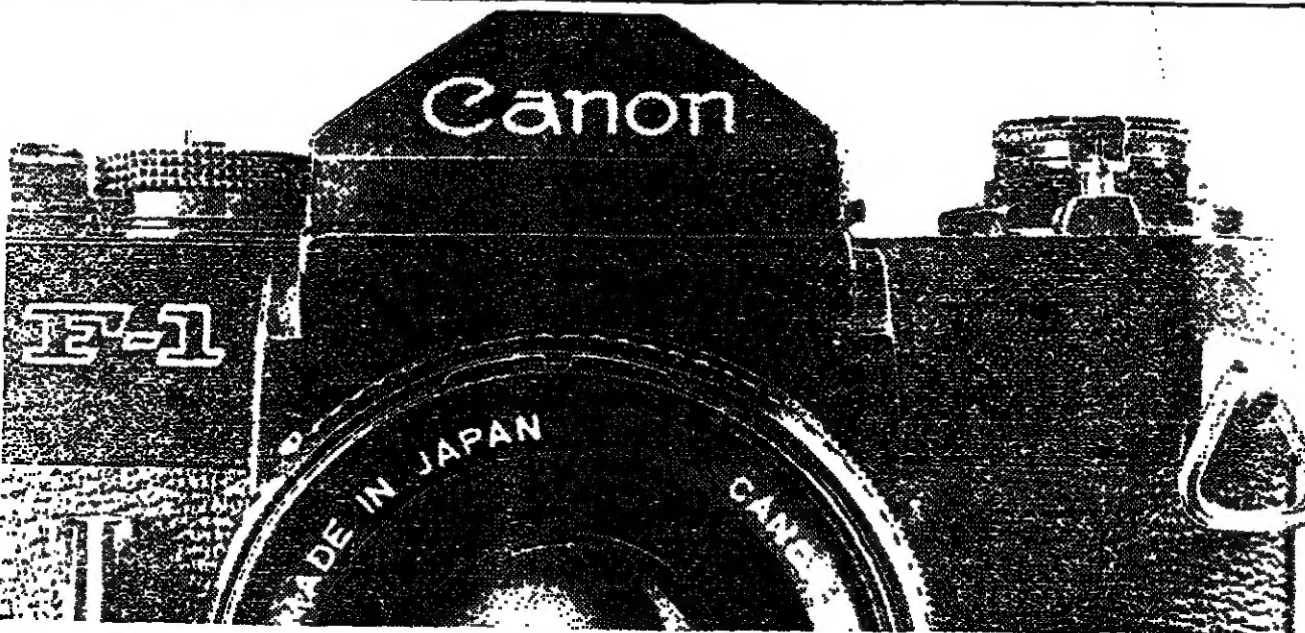
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Messrs. GUNTHER (Ford AG, Köln), Dr. ROTH, MENKE (Mannesmann AG, Düsseldorf), HILSMANN (Hoesch Werke AG, Dortmund), KRUGER (C.D.H. Central Vereinigung Deutscher Handelsvertreter- und Handelsmakler-Verbande, Köln), BORNATSCHE (Fachverband des Deutschen Maschinen- und Werkzeug-Großhandels e.V., Bonn), HANKE (Deutsche Babcock AG, Oberhausen), BENKERT (Bosch-Siemens Hausgeräte GmbH, München), VOLZ (Messerschmitt-Bölow-Blohm GmbH, Ottobrunn/München), SCHADE (Süddeutsche-Bremssen AG, München), SCHMITZ (Dornier GmbH, München), PHILIDUS (Diehl, Nürnberg), HELLER (Motoren und Turbinen Union München GmbH, München), Dr. RAUSCHENBACH (M.A.N. AG, Augsburg), FUNK (Eckardt AG, Stuttgart), MANGELS (Daimler-Benz AG, Stuttgart), RAISER (Koto-Diir, Stuttgart-Zuffenhausen), Dr. SCHMITZ, BIENERT, MÜLLER (Magirus-Deutz AG, Ulm).



"From Tokyo to Kuwait, the shrewd way is to ship our cameras via Schiphol"



Eimichi Ohta, Manager, traffic operation department, Canon, Amsterdam NV, Schiphol-Oost, Holland.

## A demanding customer.

We have worked with Canon at Schiphol for nine years; ever since they moved from Geneva. They are not "easy" customers. Mr. Ohta is a top professional and he can make life very hard for us—as he did during a delay at Bangkok last year. And he is not sentimental: if he sees a better service than ours, he will buy it. That suits us fine: we didn't come into the airfreight business (57 years ago) looking for a lazy way to make a living.

## Cameras don't take pictures.

People do. And just as the most magnificent Canon equipment is only as good as the person who uses it, so with all our modern airfreight machinery. We fly in and out of 40 places in Europe, and 700 others worldwide. Our 2500 cargo specialists have the latest wide-bodied aircraft, some 3500 unit load devices, the right computers, the right schedules and contacts and charter possibilities. (We're at home at Schiphol, where our

## Can reliability be exciting?

Some people find reliability boring and unexciting; they don't work for us. May be it's because we're Dutch. We get great satisfaction out of doing a difficult thing and getting it right time after time. We're proud of this attitude—and proud to be working for people as successful—and as demanding—as Mr. Ohta.

300,000 sq ft cargo centre can handle virtually all freight under one roof.

**KLM CARGO**



KLM Cargo - part of your problem

KLM Cargo carries most of our Tokyo-Amsterdam cargo, and a good deal of our many onward air deliveries from Schiphol to Africa, the Middle East, and throughout Europe. And we fly in more than cameras: many plain-paper copiers may be bulky for air transport, but they are in such demand that we need lots of them here in a hurry. Naturally enough, most of them fly with our friends at KLM Cargo.



# THE NEW LANCIA GAMMA. CATCH ONE IF YOU CAN.

The new Lancia Gamma Gran Turismo isn't quite the fastest thing on four wheels.

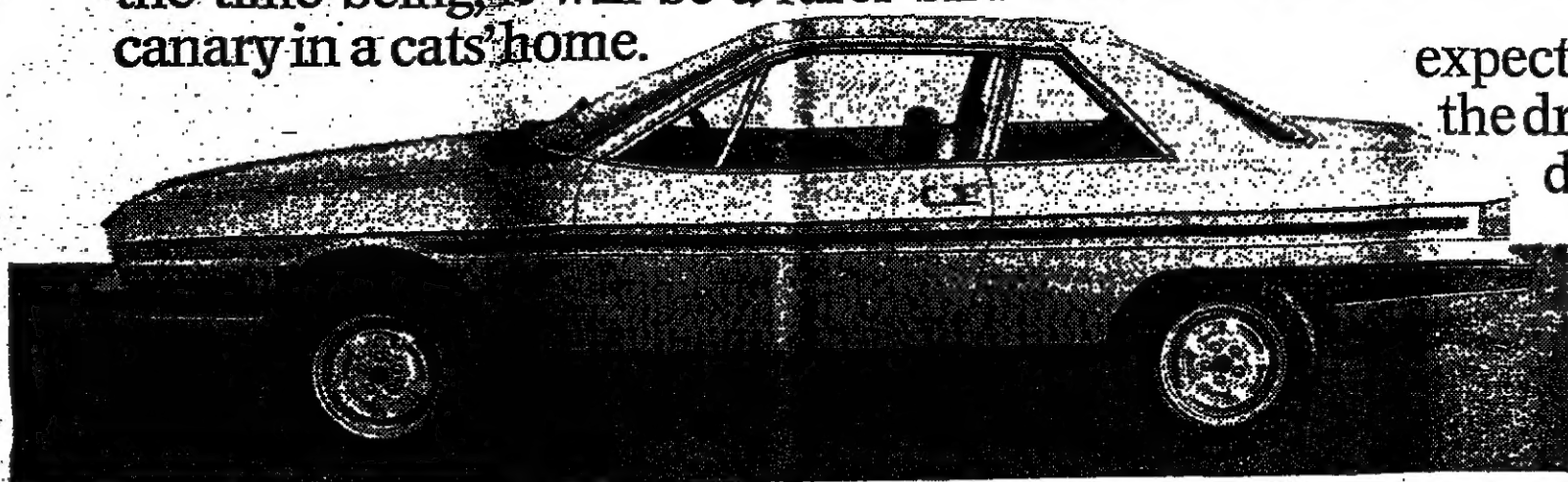
A handful of very expensive cars will, we confess, comfortably exceed its maximum speed.

Nor does the new Gamma have the most astounding acceleration money can buy. Certain Ferraris, Porsches and such would, we admit, beat it from a standing start.

It's just that pre-launch demand for the new Lancia flagship has been so great that, for the time being, it will be a rarer bird than a canary in a cat's home.



Lancia Gamma Berlina £7,135-83\*



In fact, no more than 400 Gran Turismos will appear on British roads over the next year. Gamma Berlinas will be a little more plentiful. As many as 800 may be in the country by the end of the year.

But apart from its rarity value, what sort of car will you get if you move smartly down to your Lancia dealer in an attempt to become one of the first of the few?

In the first place, the new

expect. It has thickly padded, cloth covered seats, the driver's being adjustable to give you the perfect driving position, whatever your shape or size.

There is also an adjustable steering column. Thick carpets you'd be happy to lay at home. A heavily padded roof. Built-in adjustable head rests. Electric windows with central and individual controls. Even a remote controlled, electrically adjustable overtaking mirror to keep your right hand dry.

But if you'd like to find out for yourself all the reasons why the Lancia Gamma is about to be in



Lancia Gamma Gran Turismo £9,185-67\*

such short supply, call your Lancia dealer and ask for a test drive.

If you're lucky enough to catch one, you'll probably be caught.

**The most Italian car.**

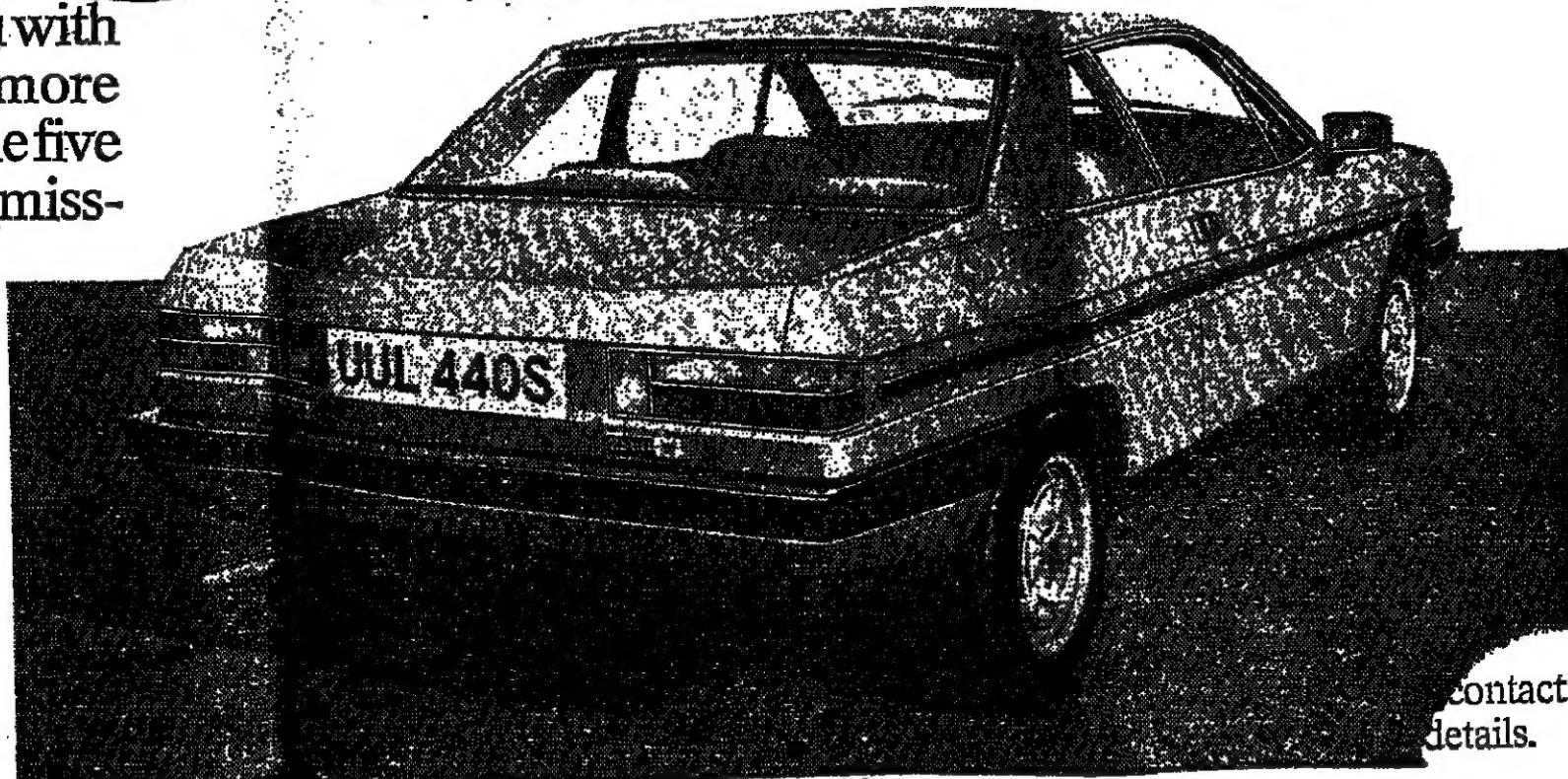
Lancia (England) Ltd., Alpertons, Middx. Tel: 01-998 5355 (24-hour sales enquiry service).

Gamma is quite as quick as its sleek Italian looks promise.

Its new 2½ litre boxer engine provides you with effortless speeds in excess of 120 mph. Even more important in these days of speed restrictions, the five speed gearbox enables you to reach more permissible speeds at a breathtaking pace.

The handling should please you too. It has front wheel drive (like most Lancias since the legendary Fulvia) that helps it take corners as if they were straight lines. Effortless but sensitive power steering. And power assisted, all-round, disc braking that is more than a match for the car's performance.

The Gamma is as luxurious as you'd



Contact details.

\*Prices include VAT at 8% and car tax, inertia reel seat belts and delivery charges (UK mainland), but exclude number plates. Personal Export: If you are eligible to purchase a Lancia free of taxes, contact our Export Department.



## HOME NEWS

## British Caledonian plans seven US routes

FINANCIAL TIMES REPORTER

BRITISH CALEDONIAN has lodged applications with the Civil Aviation Authority for a new network of services next spring to seven U.S. cities.

The services, due to start on April 1, will provide a direct link between London's Gatwick airport and Pittsburgh, Cleveland, St. Louis, Kansas City, Minneapolis/St. Paul, Denver and New Orleans.

British Caledonian said yesterday that all the services would be run on the three-cabin low-fare system introduced by it on the Gatwick to Houston route, in some cases, because of the shorter distances, prices could be less than the £60 now charged on the Houston route. Full service details have to be settled.

British Caledonian's applications to the authority come less than a month after an exchange

of letters between President Carter and the Prime Minister.

President Carter asked Britain to allow an American carrier to operate from London to Boston, which was not part of the 1977 Bermuda agreement.

This was seen as opening the way for further development of British carriers in the U.S. Mr. Adam Thomson, British Caledonian chairman, said the airline had been consulted over the exchange of letters and had replied urging that Britain should agree the U.S. request and then seek more opportunities for British airlines in the U.S.

## Bigger loads

Mr. Thomson described the British Caledonian initiative as truly innovative because, instead of increasing services to existing routes, it will for the first

time directly link Britain and U.S. cities.

Since the introduction of the three-cabin plan three months ago, with a wide range of fares on the Houston route, average load factors had increased from 55 per cent to 80 per cent.

Pan American begins the "cheapest transatlantic fare in history" today with a £27 stand-by flight from Amsterdam to Boston. The Amsterdam to Boston route replaces the London to Boston route, which is being replaced by a new London to Boston route.

Until July 14, a Boston to Amsterdam ticket will cost \$99, about £54, and Amsterdam to Boston will cost \$50, or about £27. From July 15, the rates will be \$155, about £85, Boston to Amsterdam, and \$124, about £68, in the other direction.

All daily flights are non-stop, no-frills flights on Boeing 707s.

## British Rail puts £4m more into art

BY ERIC SHORT

THE British Rail superannuation fund has invested a further £4m in works of art last year according to the report and accounts.

This brings the total investment to £12.7m at book value, the price paid for the items.

Altogether, the fund has acquired 800 items, the most famous being the sketch of the Titopole ceiling, originally painted in 1742. A number of these works are on loan to museums.

This type of investment accounts for only 3 per cent of the main pension scheme, by valuation, a small proportion of the total funds. Nevertheless, there have been strong objections to the principle of investment in works of art by a pension fund, by outside commentators and by some members of the fund.

A resolution has been submitted at the forthcoming annual meeting by a member of the York branch, seeking to stop these investments. A similar resolution submitted two years ago by the same member was defeated.

The report shows that the combined funds, which cover the non-manual employees of British Rail, have invested £50m in the last year. The funds had in excess of £100m to invest. The main fund, valued at £40m, invested £27m in UK equities, £13m in overseas equities, £33m for the share in acquiring Edinburgh and Dundee Investment Trust and £15m in property.

The latest actuarial valuation reveals a deficiency of £14m for the part of the fund guaranteed by the rail board and this is underwritten by the Government.

A deficiency of £26m was revealed in respect of benefits not guaranteed. This is being carried forward to the next valuation when the position will be examined in the light of the benefit and contribution changes made in April 1978.

Mr. Roy Berridge, chairman, has said that the Board will not go into deficit, although there might have to be a 2 per cent increase in prices to pay for

the damage and extra generating was corroded.

The report does not name those responsible, but it does indicate that the incident was not a case of gross negligence.

The Board said last night that formal disciplinary action would not be taken, but Mr. Donald Miller, director and general manager, is to interview all those involved in the incident.

Operating procedures at the station are also to be tightened. The report stresses that the accident had no nuclear implications and that the design of the power station—which is of the advanced gas-cooled type—is sound.

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## Edwardes drive to improve Leyland truck results

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

A NEW DRIVE to improve the performance of Leyland Vehicles, the former British Leyland Truck and Bus division, is being mounted by Mr. Michael Edwardes, the group's chairman.

Talks between Mr. Edwardes and senior managers at Leyland Vehicles, have already started with a view to achieving substantial productivity improvements.

The review is also expected to cover possible plant rationalisation, the present model range and the declining market share of Leyland's trucks.

Mr. Edwardes' singling out of Leyland Vehicles for special attention follows the completion

of the main lines of his reorganisation of BL's car division. He has made it clear in the last few days that he is not impressed by the long-standing reputation of the Lancashire-based truck business as the main profit generator in the group.

In particular, as he stressed at the annual meeting in London this week, he believes productivity has fallen to an unacceptable level, leaving Leyland far too exposed to overseas competitors.

"The current production performance in Leyland Vehicles is entirely unsatisfactory in many parts of the business," he said.

AN INTERNAL inquiry into the Hunterston B nuclear power station out of action for 18 months has concluded that it was caused by human error. No disciplinary action is to be taken.

The full cost of the incident and the effect on tariffs could be made public on Monday when the annual report of the South of Scotland Electricity Board, which owns the station, will be published.

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## Olympics in London study proposed

Financial Times Reporter

LONDON SHOULD consider offering to play host to the 1988 Olympic Games and investigate building an Olympic city in London's deserted docklands, said Mr. Horace Cutler, Conservative leader of the Greater London Council yesterday.

Within the next four weeks the Council is to be asked to pay for a £500 million feasibility study to be conducted by independent consultants into Mr. Cutler's Olympic bid.

Two years ago the Council threw out a proposal to stage the 1984 Olympics in London because of the cost but Mr. Cutler said there was now a growing feeling that past (Olympic) trends towards "lavishness and grandeur" should be reversed.

The Olympics were held in London in 1908 and again in 1948 and Mr. Cutler said it would be "appropriate" therefore to hold them here once more in 1988, an interval of another 40 years.

He said the feasibility study could well show that the games would bring London enormous benefits.

Commenting on the threatened closure of the Upper Docks Mr. Cutler said building an Olympic city in dockland could provide thousands of jobs, housing and recreational facilities for the future.

He did not mention that the 1976 Olympics in Montreal showed an estimated £500m deficit.

## Intasun to form own airline

By Arthur Sandles

INTASUN, one of Britain's latest package tour operators, is to form a new independent airline—said to be the first jet passenger charter airline since Sir Freddie Laker started his operation. It is buying three American Boeing 737 jets for delivery next spring at a cost of £15m.

Privately-owned Leisure Securities, the holding company owning Intasun, is financing the purchase from American and Japanese sources. Intasun, which is predicting £3m pre-tax profits in the current financial year, last night complained of the lack of facilities for aircraft financing in the UK.

Mr. Goodman said the decision to go into airline operation was taken because of a shortage of charter capacity in the British market and the fact that charter rates had reached a stage which promised a reasonable return on investment.

Intasun's decision to acquire Boeing 737s—the deal will be a mix of hire-purchase and leasing—comes when airlines throughout the world are considering re-equipment. Many of the aircraft now in service will be banned from public airports on environmental grounds by the mid-eighties unless they are heavily modified.

British Island Airways has bought three secondhand BAC 1-11 series 400 aircraft at a total price of £9m.

## Tory plan to alter Employment Act

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

PLANS to suspend parts of the Employment Protection Act for small businesses will be considered by Conservative Party leaders. This follows reports from small businessmen that the Act prevents them from increasing their workforces.

One idea which has been put to Mr. Jim Prior, the Conservative employment spokesman, is that parts of the Act might be suspended for small companies when unemployment is above a certain figure—perhaps 3 per cent. At present it is nearly 6 per cent.

Such an idea goes further than those of the present Government which, faced with trade union opposition, is not prepared to cancel any employment legislation for small businesses.

Mr. Prior is concerned that since small businessmen feel the legislation impedes their operations they would expect a Conservative Government to help.

Yesterday he said the Conservative Party would examine how the Employment Protection Act could be amended. It would also consider how more employment subsidies could be aimed at small businesses.

Mr. Prior, who was speaking on the publication of a survey on the problem conducted by the Conservative Party's Small Business Bureau, stressed that nothing would happen before

trade unions had been consulted. There was no question of repealing the Act.

Nearly 80 per cent of 804 companies submitting returns in the survey said the Employment Protection Act's measures limited the number of workers they employed. About 40 per cent said it was a "major deterrent" in terms of jobs now and in the next couple of years.

The Act's unfair dismissal provisions worried most companies, with 57 per cent citing the risk of having to pay compensation of up to £5,200 to a dismissed employee. The general unfair dismissal procedures and the cost in management time and solicitors' fees in attending industrial tribunals worried a similar proportion of the firms in the survey.

Nearly 60 per cent said the Act's provisions on maternity rights and re-employment of women were a significant factor in limiting the number of people employed.

Other employment legislation said to affect a considerable number of decisions about taking on extra employees included the Redundancy Payments Act and the Trade Union and Labour Relations Act. Legislation covering sex discrimination, equal pay, race relations and health and safety at work was also mentioned.

## Workers ask for Tenneco bid inquiry

MORE THAN 2,000 workers at the Marchon works of Albright and Wilson at Whitehaven, Cumbria, want a Government inquiry before the American Tenneco group is allowed to take control of the company.

Marchon, which makes detergents and toiletries, is the biggest plant in the Albright and Wilson group. Unions involved will meet the managements of both the British and American companies today.

Albright and Wilson shareholders have been recommended to accept Tenneco's latest offer. Liverpool-based Ocean Trading and Transport will cut the share of its ocean fleet division by 40. The redundancies will involve management and office personnel. The Liverpool staff will be trimmed by 30 and Tilbury staff by 10.

Hygiene, the kitchen furniture concern, will cut the workforce at its Merseyside factory on the Kirby Industrial estate by 200 to 300. Last year it stood at 1,500.

Bank bulletin delayed

THE BANK of England quarterly bulletin has been delayed for a few days because of the main economic survey being revised in the light of last week's economic package.

The bulletin was due this morning, but is likely to appear early next week.

SALE ROOM

BY ANTONY THORNCROFT

edition. The lot went to Quaritch, the London dealer, at £2,500.

A sale of antiquities from the collection of the late Josef Muller of Solothurn, Switzerland, totalled £19,147.

On Tuesday Christie's sold African and tribal art from the same collection for £210,420.

Yesterday's sale saw Fugenda of Japan pay £4,200 for an Egyptian limestone so-called "sculptor's trial piece". In the form of the face and shoulders of a king, 8½ inches high, from the Ptolemaic period.

Symes, the London dealer, paid £4,000 for a Greek geometric bronze figure of a horse, 3½ inches high, from the 7th-6th century BC.

The same dealer also paid £3,200 for an Egyptian Old Kingdom relief fragment, Dynasty V, and an anonymous bidder £3,200 for an Egyptian Middle Kingdom anhydrite/kohl pot of barrel form, Dynasty XII.

At Phillips, a ceramics and glass sale totalled £51,900 with a collection of Venetian glass, discovered in an attic, making £14,150. The top price was £6,000 for a late 16th-century Innsbruck engraved goblet and cover.

## Three month oil deficit cut by £280m

RIISING North Sea oil production has more than offset a deterioration in non-oil visible trade to produce a £150m improvement in the current account in the past three months.

The balance on trade in oil improved by £30m and the monthly deficit is now only three-fifths as large as it was this time last year.

The recent sharp fall in sterling has only just started to affect the terms of trade index—the ratio of export to import prices—since there has been no change over the past three months as a whole.

The index increased by 1.1 per cent last month, however, following a sharp rise in export prices.

Source: Department of Trade

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Source: Department of Trade

Source: Department of Trade

Source: Department of Trade

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## Not what it was cracked up to be

BY KEVIN DONE, CHEMICALS CORRESPONDENT

SHELL'S decision to freeze design work on its proposed £200m ethylene plant for Stanlow, Merseyside, is a direct result of the crisis which has been developing in the petrochemicals industry in Western Europe in the last 12 months.

The industry has been hit by overcapacity, low prices, sharply falling growth rates and a loss of profitability in important sectors.

It is perhaps not surprising that ICI has chosen its own smaller, ethylene plant at Wilton, Teesside, as the first casualty in the series of progressive plant closures which is threatened by ICI as a result of an industrial dispute. The dispute is over the shortage of skilled workers to look after the instrumentation in plant control rooms.

Oilfield 4, the ethylene cracker which ICI says it will have to shut next week, has been in use for only a few months since "prolonged maintenance" last year.

Stagnant

ICI says the plant is working to full capacity of 300,000 tonnes a year. But many other companies in Western Europe have prolonged maintenance shutdowns in an attempt to run the remaining plants more efficiently.

The closure of ICI's smaller ethylene plant could take longer than normal to bite under present market conditions of stagnant demand and spare capacity.

Shell Chemicals UK has already discussed with ICI what effects any plant closure will have on ethylene supply.

Under the so-called North Sea swap arrangement Shell takes about 30,000 tonnes via the transatlantic pipeline of ethylene a year from ICI on Teesside for use in its chemicals plants on Merseyside.

The Council of European Chemical Manufacturers' Federations expects EEC consumption of ethylene to grow by only 3.9 per cent a year from 1977 to 1981, compared with an estimate of 8 per cent little more than 12 months ago. According to the council's figures the UK had an effective ethylene capacity of 1.5 million tonnes last year. This is expected to grow to more than 2m tonnes in 1981.

The UK Government and the trades unions have placed great store on the rapid expansion of ethylene capacity in the UK, based chiefly on the exploitation of North Sea feedstocks, especially ethane.

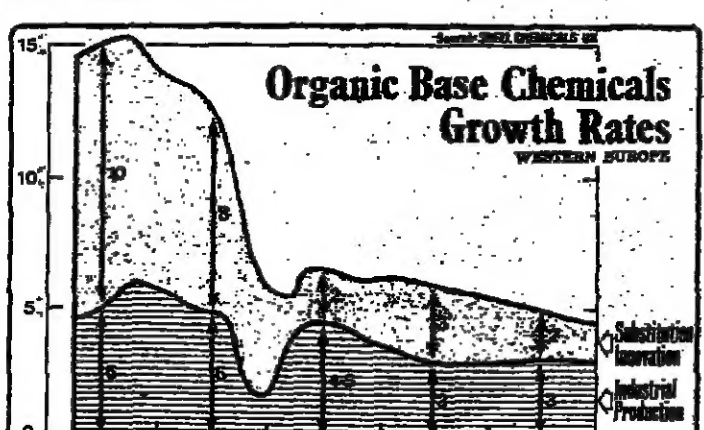
In 1976 the Government endorsed a plan which called for the building of four new crackers

with ethylene on the Continent from its large cracker at Moerdijk for ICI's plants at Rozenburg in Holland.

Shell's postponement of its plans for a £200m cracker for Stanlow illustrates the flexibility of ethylene to grow by only 3.9 per cent a year from 1977 to 1981.

According to the most recent survey by the Council of European Chemical Manufacturers' Federations, petrochemical producers are still building plants faster than demand is growing.

The over-capacity for ethylene is expected to have worsened by 1981. Ethylene is the most important petrochemical building block and is the raw material for a range of products, including plastics, fibres, detergents, paints, and anti-freeze.



in the UK by 1985. It has not changed its public stance on this issue, but it is unlikely that more than one such cracker will be built by that date. There are even doubts about the timing of that scheme.

The drastic fall in the expected growth of demand is due to a combination of the general economic recession and the way Norsk Hydro is opening marked slowing in the rate at which chemical products are being substituted for existing products.

In the mid-1960s substitution was contributing as much as 10 per cent of the growth in organic chemicals in Western Europe. The chemicals in Western Europe. That is down to 2.3 per cent.

Mr. Gerard Fairclough, the managing director of Shell Chemicals UK, says the present depressed trading conditions mean there is hardly any growth in ethylene demand at the moment. "It is zero or one or two percentage points at the absolute most."

What has gone wrong is that petrochemical producers have lost about three years' forecast market growth, but the plants are planned to meet the expected extra demand and are closing down.

Sales volumes at the end of last year were only just getting back to levels established in 1974. But many plants are working at only 70-75 per cent of capacity.

Major additional ethylene plants are still coming into production. Last year 645,000 tonnes a year capacity was added in Western Europe, according to figures produced by Shell.

In France a consortium of companies, including Rhone Poulenc, Ato and Solvay, opened a 200,000-tonnes-a-year plant at Perné in 1976. And with 300,000 tonnes in Spain and Esso added 330,000 tonnes in West Germany.

In Italy Montedison closed a 350,000 tonnes a year plant after

an explosion but opened 140,000 tonnes of old capacity. A small issue, but it is unlikely that 50,000 tonnes a year plant was closed in Denmark.

This year an extra 1.4m tonnes is coming on stream. DSM is contributing 450,000 tonnes a year. Rumianco is opening 200,000 tonnes and closing down 30,000 tonnes in Italy. In Nor-

wegian recession and the way Norsk Hydro is opening marked slowing in the rate at which chemical products are being substituted for existing products.

To holders of National Savings Certificates 14th Issue.

## IMPROVED EXTENSION TERMS.

New, improved extension terms have been announced for 14th Issue National Savings Certificates maturing from 17th June 1978 onwards. The value of each £1 unit will now grow from £1.34 at the fourth anniversary of purchase to £1.55 at the sixth anniversary. This growth represents a compound interest equivalent to 7.5% a year. Holders need only retain their certificates to obtain these terms.

The 17th Issue, previously announced, has been postponed and the 14th Issue will continue to run from 1st July the maximum permitted demand there will be increased to



## HOME NEWS

## Independent national heritage fund urged

BY PHILIP RAWSTORNE

URGENT CHANGES in the management of the National Land Fund to enable it to play a wider role in preserving the national heritage were recommended by an all-party Commons committee yesterday.

The committee wants the Government to restore £50m taken from the fund in 1977 and to free the fund from public expenditure control. It suggests that the fund's resources be handed over to independent trustees to use for property and works of art for the nation.

With inflation and taxation posing great threats to historic houses and art treasures in private ownership, it says a more flexible policy of safeguards should be adopted by the Government.

The recommendations come after an inquiry into Treasury administration of the fund prompted by its refusal last year to acquire Mentmore from Lord Rosebery.

Established in 1946 with £50m from the sale of war surplus stores, the fund was intended by Dr. Hugh Dalton, Labour Chancellor at the time, as a war memorial.

It has been used to reimburse the Inland Revenue for property and works of art accepted in lieu of tax and to finance the purchase by Government departments of historic buildings.

The original intention of using it to acquire land of special scenic or natural value has never been fully carried out, however.

In the first 10 years, only £1.5m was paid out from the fund and by 1977 its capital had increased to £59m. The Government of the day reduced the fund to £10m that year, since about £10m has been disbursed. Investments have increased the capital to about £18m.

The committee agrees in its report with most of the organisations involved in safeguarding the national heritage that the fund should be administered too restrictively.

Treasury management conventions are preventing the fulfilment of the fund's original purpose, the MPs say.

The committee says that reconstituted as a National Heritage Fund, the resources should be used on a contingency basis to rescue property and works of art for the nation.

A wider role should be considered for the fund in the acquisition of historic gardens, nature reserves and other countryside areas and cash endowments provided for the maintenance of exceptional historic buildings.

Treasury procedures relating to the acceptance of property in lieu of taxes should be clarified and published, and the provisions extended to cover all forms of capital taxation.

The question whether a work of art offered in lieu of taxes meets the statutory requirement of being of "pre-eminent" merit should be determined by independent assessors, the report recommends.

Until the fund is run by independent trustees, however, a council should be established to advise the Treasury on the allocation of its resources.

The committee believes that, if given a more flexible role, the fund would soon be exhausted. It urges, therefore, that the Government should, as a first step, make good the £50m removed in 1977.

*Expenditure Committee, Third Report 1977-78: The National Land Fund, SO, £5.10.*

## Accountants attack Whitehall control

BY DAVID CHURCHILL

PUBLIC sector accountants yesterday joined the growing opposition to excessive Whitehall control of local government affairs. Nearly 1,000 delegates to the Chartered Institute of Public Finance and Accountancy conference in Edinburgh made clear yesterday their anger at increasing Government attempts to control local authority activities, especially finance.

Delegates' concern was summed up by an institute official: "I have an uneasy feeling that the Government is moving nearer to an unhealthy degree of control over the whole field of activity."

capital expenditure and borrowing in local government and other branches of the public sector," said Mr. John Bamford, Westminster City Treasurer and chairman of the institute's policy committee.

At the request of Mr. Peter Shore, Environment Secretary, the local authority associations are drawing up a shopping list of the controls they want eased.

But Mr. Shore faces stiff opposition within the Cabinet from the Secretary of State for Education and Health, who is believed to favour central control over local government.

## McNee in pay plea for London police

BY JAMES McDONALD

POLICE in London should be paid more than those in the provinces, Sir David McNee, Metropolitan Commissioner, said yesterday. In his first annual report to the Home Office as commissioner, Sir David writes of "the grim realities of 1977." The task of police was being made unwarrantably difficult by certain restraints of criminal procedure. He calls for a system of justice which is as effective in securing the conviction of the guilty as it is in securing the acquittal of the innocent.

"An excess of liberty which makes ordinary people fear to leave their houses, is not freedom under the law," he writes, "and should proceed with caution."

Other points from Sir David's report:

**BAIL ABUSE** "Of 230 known robberies, 82 are on bail. Evidence has included instances of hardened criminals who have been arrested for crimes as serious as armed robbery despite strong police objections and, before standing trial, being arrested again for similar crimes. It had been refused, many serious crimes, including the use of firearms, would have been prevented."

**FRAUD** This was the only major category of reported crime which declined in 1977. But this was not reflected by any decline in the workload of the Metropolitan and City police force branches. Indeed about 40 per cent more inquiries were started in 1978 and, at the end of the year, 508 were in progress.

## Two jailed over Anguilla bank diamonds fraud

BY MARGARET REID

PRISON SENTENCES were passed yesterday on two men found guilty of conspiracy and fraud by a jury claiming that they had defrauded the Industrial Banking Corporation, a small company based in a West Indian island, of a sum of £1.5m. The two men, who were found guilty of arranging payment for deals in diamonds.

Industrial Banking Corporation, based in Anguilla, but formerly also operating from Hanover Square in London, is not to be confused with the company of the same name which is a subsidiary of Guinness Mahon, the well-known city merchant.

Mr. William John Morley was found guilty on all six charges of conspiracy and dishonesty. He was sentenced to terms of imprisonment ranging from two years to five years, with a further two years on another charge.

Mr. Felicio Alberto Moreira, an Italian, was sentenced to a total of 21 years in jail on two charges of dishonesty and conspiracy to which he had pleaded guilty. The Rev. Thomas Kemp, a retired minister of the United Reformed Church, was cleared of the five charges against him.

Prosecuting in the case, which began at Knightsbridge Crown Court last month before Judge Lewisohn, Mr. Richard Du Cann, QC, had described the Anguilla-based Industrial Banking Corporation as "a sham—no more than a facade" used by the two men to develop confidence in large deals, including offering to finance a \$500m cement works in South Africa.

It had also proposed to buy quantities of diamonds, paying for them with letters of credit. It did obtain 250,000 worth of gems, but the seller was not paid.

## Fraser case verdict on July 14

By Ray Perman, Scottish Correspondent

A VERDICT in the trial of Sir Hugh Fraser, deputy chairman of Scottish and Universal Investments, will be given on July 14, Sheriff J. Irvine Smith said in Glasgow yesterday.

Sir Hugh and five others who were directors of SUITS in 1974, have denied that they failed to give a true and fair view of the affairs of the company by misclassifying a £4.2m loan in the accounts. They are charged under the Companies Act.

Sir Hugh and three of the other accused are also charged with failing to notify the company of their dealings in its shares within the required period.

Sir Hugh has admitted not notifying 61 transactions, but has denied the charges in relation to a further 18. The others have denied all charges.

The case was completed last month but it was adjourned while a transcript of the evidence was produced. Sheriff Irvine Smith said yesterday that he had now received the transcript and would be making a written judgment.

## Warning on training of seamen

By Paul Taylor

DELEGATES to an international conference on the training of seamen were warned yesterday by Mr. Stanley Clinton Davis, Under Secretary for Trade, that standards should not be set so high that some nations would not accept or implement them.

Mr. Clinton Davis was welcoming delegates to the International Maritime Conference in London.

He reminded delegates of the importance of the conference because "the greatest single factor which leads directly to an accident, disaster or near miss at sea is human fallibility."

The conference should set up minimum standards, rules that are "strong and worthwhile, but rules which are acceptable to all."

Fifty-seven nations, including two observers, registered at the start of the conference which is open to all UN member states. Most of the work on the new convention will now be done in committees.

## New electronics paper planned

MORGAN-GRAMPIAN, the business and specialist publications group, is launching a weekly tabloid newspaper, *Electronics Times*. The first issue will appear at the end of September.

## New light on link between NEB and British Tanners

BY MARGARET REID

FURTHER QUESTIONS about the National Enterprise Board's controversial £5m investment in British Tanners Products, which it owns jointly with Barrow Hepburn Group, have been raised by Mr. Michael Grylls, Conservative MP for North-West Surrey.

Mr. Grylls has now received a copy of the NEB's "revised statement" to the House of Commons Public Accounts Committee about financial transactions in connection with the setting up last year of British Tanners, formed from the loss-making tanning interest of Barrow Hepburn.

Mr. Grylls said the figures "made a nonsense of the claim by the NEB that the reason for this, £5m was met from the money channelled by the NEB and Barrow Hepburn into British Tanners against loan stock, and by the NEB for its shares in British Tanners, while £3.5m was found through overdrafts."

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Yesterday, he described this statement as a great improvement on an earlier, as yet unpublished, account of the matter to the committee. Parliament's watchdog on public spending.

He considers that the previous NEB statement was misleading, although not intentionally so.

Sir Douglas Henley, the Comptroller and Auditor General, at the request of Mr. Edward Du Cann MP, chairman of the committee, has been looking into points already raised by Mr. Grylls on the NEB's earlier statement.

The NEB's revised statement to the committee throws new light on the exact financial transactions involved when British Tanners, which made losses of more than £2m last year, was set up.

Of the £10.4m of debts which the tanning interests making up British Tanners owed to their previous parent when the new concern was formed, £1.9m was settled through British Tanners' assuming a loan of that amount.

## Lib-Lab Bill row explained

BY ROY HODSON

MR. DAVID PENHALIGON, the Liberal energy spokesman, yesterday gave a new account of the dispute between the Liberals and Government Ministers which resulted in the Electricity Reorganisation Bill being killed.

The Liberals refused to support the Bill and details of Mr. Penhaligon's argument with the Bill's sponsor, Mr. Anthony Wedgwood Benn, Energy Secretary, emerged when Mr. Penhaligon was questioned by both Labour and Conservative members of the Select Committee on Nationalised Industries, which is inquiring into the electricity supply industry.

The Liberals, he explained, particularly took issue with Mr. Benn when he was seeking their support for the Bill because it called for the introduction of "street and organic industrial democracy" to be fostered in the electricity supply industry. "We would only support it if that were to mean explicitly 'one employee: one vote, whether or not the employee belonged to a trade union,' Mr. Benn refused."

Mr. Penhaligon said he had been given just 48 hours' notice by the Government to support the Bill. He had secured extra time and had consulted Sir Francis Tombs, chairman of the Electricity Council, union leaders, and many area electricity Board chairmen.

The Liberals concluded that the industry did not want any nationalised industry to be given the wide-ranging new powers included in the Bill.

## Nuclear reactor inquiry proposal

BY DAVID FISLOCK, SCIENCE EDITOR

THE ELECTRICITY supply industry and the Atomic Energy Authority will be submitting to the Government later this month proposals which they believe could be used as the basis for a public inquiry into Britain's first big fast breeder reactor.

It is understood that recent discussions involving three generating boards, the Electricity Council and the Atomic Energy Authority have agreed upon a basic scheme for managing and financing the £10m project.

The plan, now being drafted, also has the support of the nuclear construction industry, which would build the 1,300 MW power station.

Last year, Sir John Hill, chairman of the Atomic Energy Authority told Mr. Anthony Wedgwood Benn, Energy Secretary, that he would not be putting forward a firm proposal for the next stage of fast reactor development until the Government gave its verdict on the experimental project—Windscale inquiry into reprocessing.

The Government gave the go-ahead for the Windscale project last month.

Sir John said yesterday that the industry was agreed that it should try to persuade Government to hold a single inquiry into its fast reactor plan, not just, as it has done for two or more as some opponents have proposed.

From the industry's standpoint, this meant putting forward its case as a complete package—including an outline reactor design, its associated fuel services, and the safety case for a chosen site—as it had done for the new Windscale plant.

The scheme still depends upon the willingness of the Health and Safety Executive to accept an outline proposal at this stage, as it had done for Windscale.

A more detailed submission would require detailed design work by sub-contractors. It would involve the expense of perhaps £50m and a delay of perhaps two or three years.

Sir John believes that if the Government accepts the industry's proposal, the inquiry could be held next year.

The proposal would concern a commercial power station—voted by the House of Commons in 1974—the electricity supply industry would expect to produce power. It would be a scaling-up of demonstrated UK fast reactor technology.

Still unresolved is the site. Downstream in north Scotland, site should try to persuade Government to hold a single inquiry into its fast reactor plan, not just, as it has done for two or more as some opponents have proposed.

## Move to speed cheques

BY DAVID FREUD

THE AREA in which large cheques can be paid in for same-day settlement will be extended if proposals by the clearing banks and the Bank of England are accepted.

Under present arrangements cheques worth £5,000 and more can be cleared on the same day if presented at a "town clearing" bank in the City of London.

The clearing banks and the Bank of England yesterday invited other banks to discuss the automation of the system. This would allow same-day clearing outside the City.

The project, the Clearing House Automated Payment System, has been under discussion for about 18 months. ICL has been involved.

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## Spar changes price-cut policy

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE SPAR voluntary group of grocers is to abandon its nationwide price-cutting promotions in favour of big-selling lines on the face of growing pressures on independent traders which estimates are closing at the rate of 100 a week. Instead, it is to launch a series of regional price promotions, backed by national convenience of shopping at one of Spar's 4,000 branches.

Announcing the new strategy yesterday, Spar, which is the highest of the voluntary groups of independent grocers, called on the Government to find ways of helping small shops which, it said, were being forced out of business at an unprecedented rate.

The new marketing policy marks a fundamental change in Spar's marketing approach. Much of its early success in bringing independent retailers together under one umbrella was due to the way the central organisation bought big-selling lines on behalf of all its members and then promoted special offers nationally at a single price.

The central organisation will continue to negotiate with manufacturers on a national basis but more discretion will be given to regional buyers.

The whole idea behind the new campaign is to introduce more flexibility into the system. This will allow members trading in areas where there is not much local competition, such as Cornwall, to sell at higher prices than those in very competitive areas, such as parts of the north.

The uniform price structure of brands sold under Spar's label will remain as will the amount of money spent on price cuts.

The move is a reflection of the increased pressures which have been put on independent of £1m a day.

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## PARLIAMENT AND POLITICS

## Callaghan goes to the brink

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT won its vote of confidence last night by a slender majority of five (232-227) in the Commons after a speech from the Prime Minister in which he threatened an immediate general election should the verdict go against him.

As the result was announced, jeering Conservatives rose in their seats to point accusing fingers at the Liberals whose last-minute abstentions saved the day for the Government.

In a sure-footed wind-up to the debate, Mr. Callaghan warned of the grim repercussions for the market and the exchange rate should the House decide to back the Tory motion of censure against Mr. Denis Healey, Chancellor of the Exchequer.

Mr. Callaghan then went in for some naked electioneering of his own. The Tories, he said, advocated a policy of sabre-rattling against the Soviet Union, too thumping on hanging, stuffing on immigration, confrontation with the workers, and running away on devolution.

He told his cheering supporters: "When the time comes, we can appeal to the country with confidence, proud of our record and knowing that facing us is a bankrupt Opposition."

Looking at the laughing faces of Labour backbenchers in the debate, one would never have supposed that the Government was facing a cliff-hanging vote of confidence.

Their spirits had risen after listening to a swash-buckling electioneering-style speech from

Mr. Healey in which he defended his economic record and claimed that last week's package of measures had already received the blessings of the market.

He sat down to wave after wave of cheers from the Labour benches—probably the best reception that he has ever received for a speech in the House.

Government morale rose even more when Mr. David Steel, the Liberal leader, announced that his party would not be backing the censure motion. Indeed, Mr. Steel spent much of his time attacking the Tories and merely expressing "irritation" over the Chancellor's uncharitable behaviour towards the Liberals.

The House had listened to a long litany of charges against Mr. Healey from Sir Geoffrey Howe, the Conservative Shadow Chancellor, who—resorted to uncharacteristically tough language.

Putting the Chancellor in the dock, he accused him of ignorance matched by incompetence and recklessness, and of arrogance and deceit. According to Sir Geoffrey, Mr. Healey had promoted policies which had led to a stagnant economy, an impoverished society and the destruction of British industry.

Nor did he spare the Liberals. He remarked caustically on their abrupt retreat from the censure motion immediately they had heard of the Government's eleventh-hour decision to make it

a vote of confidence.

The Government was, he said, "now summoning the rats to return to the sinking ship."

Rising to reply, the Chancellor certainly did not look like a prisoner called to justice. As Mr. Steel remarked: "He would not know a penitent's stool if he saw one."

With all his old pugnacity, Mr. Healey referred to Sir Geoffrey's indictment as "a tedious and tendentious forgery of mother's press cuttings," being savaged by Sir Geoffrey was, he said, "like being savaged by a dead sheep."

He delighted his supporters by attacking the Tory decision to employ the advertising agency of Saatchi and Saatchi to present their policies, a firm which included among its clients Penguin Biscuits, Fairy Snow and "Schhh... you know who!"

Mr. Healey jeered: "You can't win the confidence of the electorate by selling a party like a soap powder."

Goading the Opposition even further, he scattered his speech with references to the action he might take "in my next Budget" in the spring of 1979.

At that time, he explained, he might find it possible to increase employment by making tax cuts or by using other methods to offset the £1.5bn which will be brought in over a full year by the 24 per cent increase in social security surcharge announced last week.

## Package has already proved 'a resounding success'—Healey

BY IVOR OWEN, PARLIAMENTARY STAFF

BRITAIN'S ECONOMIC and there would be repercussions in financial policies would have been put at risk had Mr. Denis Healey, the Chancellor of the Exchequer, been subjected to a personal censure, the Prime Minister told the Commons last night when his call for a vote of confidence in the Government secured a five-vote majority.

A Conservative motion seeking to halve the Chancellor's salary was defeated by 227 to 232. After the result was announced, Mr. Callaghan and Mr. Healey were congratulated by jubilant Labour MPs and left the Chamber together amid a roar of exultant government cheers.

Earlier, the Chancellor, in one of his most effective Parliamentary speeches, claimed that the package of restrictive monetary and fiscal measures announced last Thursday had already achieved their objective.

With a buoyancy which belied the fact that he was fighting for his political life, and with it that of the Government, he insisted that the effect of the whole package would be to restore the outlook for the economy to what it was at the time of the April Budget.

Sir Geoffrey Howe, the Conservative Shadow Chancellor, led the Tory attack with a demand for a "guilty" verdict on Mr. Healey for the arrogance, incompetence, recklessness and deceit he had shown over the last four years, and for policies which had threatened to demoralise and destroy British industry.

The Prime Minister justified his decision to call for a vote of confidence on the grounds that the Chancellor's position was central to the future of the Government itself and its policies.

If the vote against the Chancellor were carried, he warned,



Sir Geoffrey Howe

battle against world recession.

When the right time came the Government would appeal to the country and it would do so with confidence.

Mr. Healey based his spirited defence of his handling of the economy on the contention that the need to introduce last week's package had arisen from the irresponsibility of the Opposition in forcing through additional income tax cuts to benefit the better off.

A balanced Budget, primarily designed to benefit the family and to have a beneficial effect in moderating wage settlements had been upset by the House approving Tory proposals which had aggravated Britain's already high money supply figures by adding £500m to the public sector borrowing requirement.

As a result, the financial institutions had failed to buy Government stock on the necessary scale and this in itself had led to a further increase in the money supply figures.

At the same time, there had been an acceleration in bank lending, and retail sales had been rising exceptionally fast.

Mr. Healey said that the Government had decided to take action in good time to break the deadlock in the gilt market and to re-instate its intention to keep the money supply under

control with a package which had restored the integrity of the Budget judgment in both the fiscal and monetary fields.

These measures had already been "a resounding success."

Mr. Healey quoted the leading article in last Saturday's Financial Times in supporting market expectations of the first of a probable series of small cuts in the minimum lending rate in a matter of days or at most a few weeks.

The Chancellor stressed amid Labour cheers, that the mortgage rate at 9½ per cent was still 1½ per cent below that in operation when the last Conservative Government left office.

Dealing with the effects of the so-called "corset" restrictions on bank lending, Mr. Healey maintained that there would still be room for sufficient lending to British industry to keep expansion on the path laid down in the April Budget.

As the Financial Times had stated, this latest "squeeze" was mild by past standards, certainly when judged against that introduced by Lord Barber in 1973, and would have little effect on the sharp rise in industrial investment now expected by both the CBI and the Department of Industry.

There was scornful laughter from the Tory benches when Mr. Healey suggested that he might take action in next April's Budget to mitigate the full effects of the 2½ per cent rise in the National Insurance surcharge. This, after raising the additional £500m needed this year to offset the effect of the additional tax cuts, would yield £1,500m in a full year.

Mr. Healey admitted to having been reluctant to impose the surcharge but argued that it was preferable to the alternative courses advocated by Opposition leaders.

The Chancellor reaffirmed the Government's view that inflation was the main enemy of the country in the present level for the rest of this year, but stressed that from December onwards, the rate of inflation would depend increasingly upon the level of wage settlements in the round beginning in August.

For the Tories, Sir Geoffrey referred to the Liberals as "rats rejoining a sinking ship" and Of the decision to make the

vote a matter of confidence, Sir Geoffrey said that "at this eleventh hour, the Government has decided to invoke the tattered remains of what is left of the Lib-Lab pact."

He attacked the Chancellor's "disastrous" record as a combination of "ignorance matched by incompetence, recklessness matched by deceit." Mr. Healey was "laying the foundations for a stagnant and an impoverished society."

Sir Geoffrey said that those who made the most valuable contribution to society were the most severely punished.

The Chancellor's disastrous record was made worse by Mr. Healey's attitude of "unrepentant arrogance."

He quoted Liberal statements attacking the Chancellor, including a headline in the latest issue of Liberal News, stating "Healey must go."

"We hope the Liberals will have the courage of their failing conviction," he said.

Sir Geoffrey said the Chancellor had "presided over a strategy for the demoralisation and destruction of British industry. He is always either claiming credit for the miracles to come or blaming his predecessors when they fail to arise."

## Liberals 'irritated' by policy switch

MR. DAVID STEEL, the Liberal leader, said that if the debate had been simply ticking off the Chancellor "I and my colleagues would have had no hesitation in voting against him tonight."

The Government was right to consider that a vote against the Chancellor would be a defeat for the Government as a whole.

"It would cause havoc in the markets and Labour would be quite right to go to the country if the motion of censure on the Chancellor was passed."

"We have to consider whether it is right to allow our natural irritation with the Chancellor to bring about the downfall of the Government and destroy the programme of legislation we have embarked on and destroy all that has been achieved over the past 18 months."

Mr. Steel said that if these debates were going to be held they should either be a ticking off for the Chancellor or a serious economic debate.

He also criticised the Conservatives for not allowing the Commons to debate their own policies.

Inflation in the three months before the Lib-Lab pact had been 2.6 per cent.

"I have no hesitation in saying, although it may not have done my party any good, that we were absolutely right to stick through the programme of economic recovery which has brought inflation down to roughly 3 per cent. That should not lightly be set aside."

Mr. Steel said that he understood the Government's objection to the Liberals' proposals, on the grounds that they would put up the Retail Price Index when the Government was trying to counter inflation.

"Yet we find in June that it is possible and acceptable at a higher rate."

It was a different matter to increase the surcharge combined with cuts in the higher rates of tax and to do it after a 3½ per cent increase in the minimum lending rate.

Mr. Steel said that that was the cause of their irritation and anger with the Chancellor.

## Equal rights to property recommended

BY RUPERT CORNWELL, LOBBY STAFF

HUSBANDS and wives should be law, normally be equal owners of their homes unless they agreed otherwise, the Law Commission recommended yesterday.

The new rules would apply to freehold and leasehold properties and council tenancies.

This is the most important suggestion of a 400-page report from the Commission, chaired by Mr. Justice Cooke.

It also proposes that either marriage partner should be able to seek the court order giving him or her the right to use household goods owned by the other.

The report is split into three sections, which deal with co-ownership, rights of occupation, and enjoyment of household goods.

Each is followed by a draft Bill which if normal practice is followed, will become the basis of detailed legislation in the Commons within about two years.

The five-person Commission is a non-political body established 13 years ago to examine law reform.

The latest proposals are bound to arouse some controversy although the Commission has framed them only after exhaust-

ive social surveys which indicate that most people are in favour.

Co-ownership, it argues, reflects the modern view of marriage as a partnership, with equal contributions from either side.

It was only fair that the wife (or husband) should have an equal stake in the home, and the recommendation would apply as much to properties owned by the wife as by the husband.

The Commission stresses that co-ownership can be avoided if both parties so agree.

Nor do the new proposals cover the rights and obligations of common law wives or their male equivalents, an issue which raises problems going well beyond property law.

The report also backs the view that a deserted wife or husband should have the automatic right to apply for a court order giving him or her the entitlement to use household goods remaining in the home, including the family car.

Moreover, a wide measure of discretion would be left with the courts. Anyone who refused or refused to comply with the order would be forced to pay lump sum compensation, the Commission says.

Mr. Justice Cooke, who chaired the Commission, said that the Government had been advised that co-ownership was a "major policy in the national interest. I would be very surprised if local authorities were not to comply with Government policy that lacked the force of law would risk being surcharged for this expense."

Mr. Shore did not accept completely the MP's assertion but said it would be for a court to decide whether its actions could be justified if they were challenged by the District Auditor or in the court of law.

"Since the whole purpose of pay policy is to achieve what we consider to be a major policy in the national interest, I would be very surprised if local authorities were not to comply with Government policy that lacked the force of law would risk being surcharged for this expense."

Mr. Shore added that the Government was considering how best to co-ordinate public purchasing and public contracts with the supply of orders could be smoothed regionally and nationally.

Mr. Joel Barnett, Chief Secretary to the Treasury, said that change to be introduced at report stage would reflect the principle of a Conservative proposal allowing the relief to be applied on a sliding scale. He explained that this would be an improvement on the normal marginal relief.

Mr. Barnett also made it clear that the talks which he is to have with Tory MPs and their tax legislation advisers on various aspects of the capital gains tax will include consideration of the feasibility of giving legislative form to existing extra-statutory concessions.

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## Blacklist tenders challenge by Tory

By Our Parliamentary Staff

MR. PETER SHORE, Environment Secretary, said yesterday that he did not believe local authorities would be challenged by the District Auditor if they refused to give contracts to firms who submitted the lowest tender but were on the Government's pay policy blacklist.

However, he made clear that he could not give a complete guarantee of immunity from such action.

Mr. Shore was challenged by Mr. Norman Tebbit (C. Chingford) over the Government's delay in issuing advice to local authorities concerning the application of sanctions to firms which had breached Phase Three of the pay policy.

Mr. Tebbit said that only a few weeks remained of the current pay policy in which the Government could issue advice.

He suggested that the delay was due to the fact that the Government had been advised that contractors who incurred extra costs through refusing the most advantageous tender merely to comply with Government policy that lacked the force of law would risk being surcharged for this expense.

Mr. Shore did not accept completely the MP's assertion but said it would be for a court to decide whether its actions could be justified if they were challenged by the District Auditor or in the court of law.

"Since the whole purpose of pay policy is to achieve what we consider to be a major policy in the national interest, I would be very surprised if local authorities were not to comply with Government policy that lacked the force of law would risk being surcharged for this expense."

Mr. Shore added that the Government was considering how best to co-ordinate public purchasing and public contracts with the supply of orders could be smoothed regionally and nationally.

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DSO, MC, MM...



now, when he sees a clock, he hides

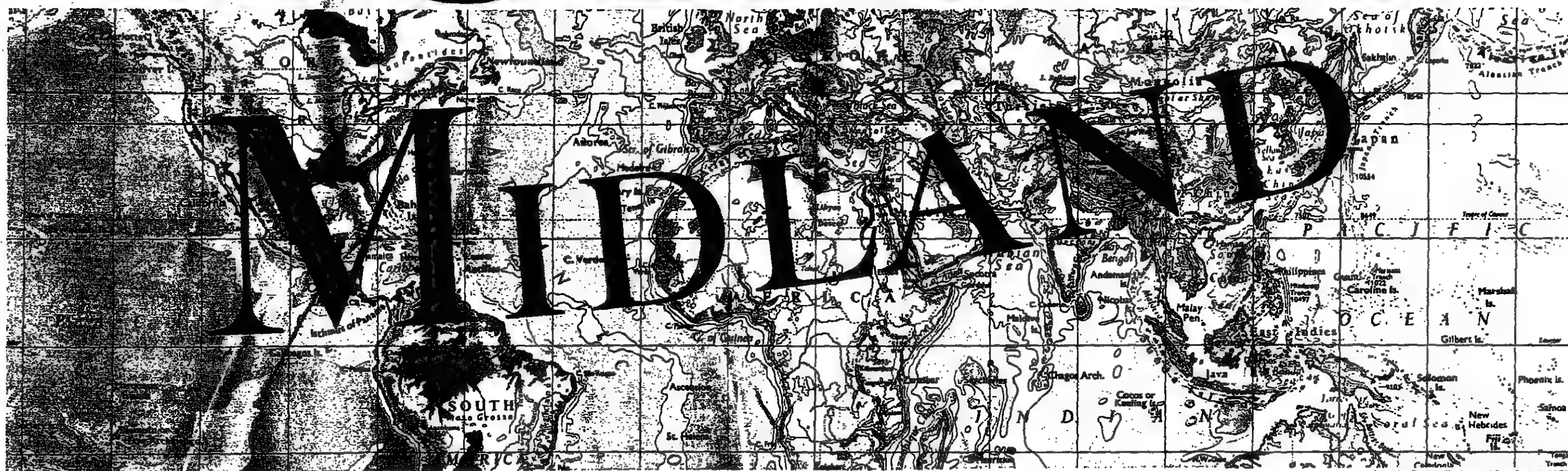
THERE are limits to what the human mind can stand. For Major Thomas, after years of bravery in Bomb Disposal, the limit comes each time he sees a clock. Every alarm clock is a bomb, each ticking watch a probable explosion.

Soldiers, Sailors and Airmen all risk mental breakdown equally in war and in keeping the peace. There are bombs much nearer to us than Cyprus, Aden or Malaya.

We devote ourselves solely to the welfare of these brave men and women who have tried to give so much more than they could. We help them at home, and in hospital. We run our own Convalescent Home. For some, we provide work in a sheltered industry, so that they can live without charity. For others, there



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## THE JOBS COLUMN

## Chance—and warning—for a would-be writer

BY MICHAEL DIXON

"I COULDN'T stand working to deadlines," is a frequent first comment from people who meet me and learn that I am a daily paper journalist. My reaction is to wonder why that particular working condition should bother people so.

After all, virtually everybody has to work to time limits of some sort. What bothers the layman must therefore be the idea of finishing by 12 minutes past three this afternoon, as distinct from getting something done before you go home on Friday night. But given that in both instances the worker is expected to do only the best he or she can in the time available, I cannot see that either is preferable.

Once a person has become used to doing things quickly to fairly broad tolerances, it could be harder to make the change to working more slowly to highly precise standards, than to change the other way round.

The reason is that by constantly working to short-run deadlines, journalists tend to develop a sort of self-handicapping sense of the minimum time it will take them to accomplish a given task. As a result, if they have more than this minimum time available, they will use the extra allowance in delaying the start of the work.

This is why the late Sir Desmond MacCarthy suggested, as a professional motto for journalists, the chilling phrase: "What needs to be covered in

There is always another quarter of an hour!

I say this because Dave Watts, editor of the magazine Money Which?, has come to the Jobs Column with a post which offers one of the increasingly rare opportunities to get into journalism. And since one of the conditions is an ability to "stick to strict deadlines," I suspect that the lay public's unjustified worry about working to short-run time limits might otherwise deter perfectly adequate youngsters from applying for the job.

Its title is financial researcher. But the tasks include writing as well as assembling the information for articles in Money Which?, whose main aim is to give the general public the know-how they need to run their financial affairs in a sensible way.

The topics covered by the magazine include investment, mortgages, tax, insurance, and employment. In addition, it carries explanatory articles on broad economic issues of the day such as "Is Britain Over-Taxed?", "Inflation", and even the EEC's Common Agricultural Policy.

Whoever is engaged for the job will be responsible for her or his own reports from their own origins as ideas to their being printed in the magazine. The work includes deciding what needs to be covered in

## The pain

At that point, I would bet, anyone without journalistic experience who joins Money Which? will find themselves wishing that they had done anything other than take the job.

The reason why we hacks tend to delay starting, you see, is that writing is the kind of excruciating activity that nobody in his right mind would start before he absolutely has to. It was Bernard Levin, I think, who lately estimated that he must have eaten 200 tons of digestive biscuits in his working life so far, simply because, at any given moment, there are always far better reasons for eating a digestive biscuit than there are for starting an article.

So there, for the benefit of any reader who wants to become a writing journalist, is the secret. The difficulty is not writing to deadlines. It is writing at all. For the bulk of us, if we did not first take the relatively easy step of committing ourselves in advance to

deadlines, we would never produce anything.

The only parallel in my experience lies in my attempts to become a high-grade judo man, which involves fighting other people who for some reason always seem to be bigger and fiercer than you are.

When kneeling to face one of them across the mat just before the start of a serious contest, I invariably found myself thinking the same thing. It was "If only I had taken the precaution of not coming to this place today, I would not now be in this desperate situation." But having gone there, and with the contest unavoidable, I muddled through somehow and sometimes won.

No doubt whoever goes to Money Which? will find the same. If so, it may be a comfort to the recruit to know that while the pain of writing never gets any less, you learn over time to bear it more cheerfully.

Given the initial foolhardiness, candidates for the job will also need the ability to solve complicated intellectual problems, to cut through obscure detail, jargon and "popular mythology" to the nub of the issue concerned, and to express complex concepts, in terms which are readily understandable to the lay reader.

Mr. Watts thinks that this other way of earning a near-prescription implies the need

for a good degree, but from my own experience of a good many honours graduates I would conclude that the two things are necessarily connected.

## Austria

INTERNATIONAL head-hunter Jo Jacobsthal is looking for a marketing director for an unnamed client in Austria. He will respect any applicant's request not to be identified to the client until specific permission is given.

"I want," he says, "a senior marketing executive of about 35-45 years, familiar with branded mass consumer goods, preferably in the food industry."

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The identity of candidates will not be revealed to our client without prior permission. Applications quoting Ref. CH932IFT, or enquiries, should be addressed to Dr. J. de V. Mansfield.

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Our client is a private investment company which controls the funds of a substantial Middle Eastern business concern. A mature, low key and thoroughly professional financial controller is sought to manage U.S. equity investments and an off-shore investment management company which is shortly to be set up. Based in London, the successful candidate will be responsible for the installation and operation of the accounting practices, preparation of financial statements and reports and will ensure that adequate internal controls are maintained and be the custodian of all company funds and responsible for arranging bank deposits.

It is envisaged that the individual will have had a minimum of 15 years experience in the controller function with emphasis on accounting for portfolios of equity and fixed income securities issued in the United States, Europe and the Far East. Experience as an accounting executive in the Trust Department of a major bank or financial institution and familiarity with off-shore accounting would be considered desirable. Our client is offering a substantial compensation package and would be prepared to consider a contract of employment.

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We are searching for a professional banking manager for a substantial, profitable group manufacturing for international markets. The banking function is integrated with other accounting resources and provides an increasingly important service to operating units in negotiating and supervising bank accounts and foreign currency transactions.

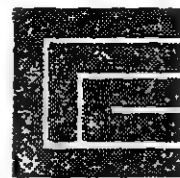
Responsibility is to the Manager, Treasury for review of cash forecasts and requirements, management of cashing facilities, export documentary collections and control and reconciliation of bank accounts. The emphasis is on planning and controlling the group's cash flow needs as effectively as possible.

The man or woman appointed will be aged over 30, be possibly a

qualified banker and must have held a responsible treasury position in a large industrial company for about 3 years. A background in merchant banking is particularly appropriate and experience of financial negotiations, export documentation, foreign exchange markets and exchange control regulations will be valued highly.

Personal qualities we will be assessing include the ability to manage staff, precision in applying controls, and a style which is mature, polished and acceptable. Prospects for the successful are excellent.

To apply, either send a c.v. or, preferably, please telephone for an Application Form, quoting reference MBHEB.

**Cambridge Recruitment Consultants**

9 Brunswick Walk, Cambridge CB5 8DH. Telephone: Cambridge (0223) 311316.

**Chief Financial Officer****Financial Director Designate****c.£15,000**

Our client a long established company is a nationally recognised manufacturer of food products sold almost exclusively through traditional grocery outlets. Operating in highly competitive markets most of their brands are leaders in their respective fields. Turnover is in the region of £50 million per annum.

They require a Chief Financial Officer who will be responsible for the financial, accounting and computer activities of the company including profit planning, cash management, tax problems, short and long-term financial activities and banking relationships. He/she must be able to continue the development and implementation of sophisticated information systems and controls and be capable of interpreting such information into sound business decisions. The opportunity exists for promotion to Board level at the appropriate time.

The successful candidate will have outstanding leadership skills and be capable of operating as part of a tightly knit team. A professional qualification and a thorough background in accounting and finance are essential; additionally recent experience in food manufacturing in the UK is desirable. He/she will probably be in his/her late thirties or early forties.

Remuneration, which will reflect the importance of the position, will be by negotiation depending on experience and ability. Additionally, there is a bonus arrangement. A company car will be supplied and usual fringe benefits will apply.

Please write in confidence for an application form to David Prosser, Executive Selection Division, Southwark Towers, 33 London Bridge Street, London SE1 8SY, quoting MCS/3697.

**Price Waterhouse**  
Associates

Leading international maritime transportation company in Rotterdam is currently expanding its administrative staff and seeks qualified applicants for the following positions:

**A. SENIOR FINANCIAL ANALYST**

Reporting to the Manager European Financial Analysis and Reporting, he will be responsible for the review, approval, assembly and input of accounting entries, analysis of financial accounts and cost reports, providing a continuing analysis of financial account activity, the review and assembly of cost and revenue reports, and assist in budget preparation and variance explanation.

- \* Nationality EEC national, preferably British
- \* Languages: fluent spoken and written English, another language would be desirable
- \* Age around 35
- \* A recognised accounting qualification, or a university graduate with financial management experience
- \* Two to five years' analytical/accounting experience preferably in an international environment
- \* Moderate travel and willing to consider later relocation
- \* Proven management skills and problem-solving ability

**B. FINANCIAL ANALYST**

Reporting to the Manager European Financial Analysis and Reporting, working under the direction of a Senior Financial Analyst, performing essentially the same function as listed in position A, in less complex areas. The profile is similar to position A, except that age should be around 30 and only one to three years' relevant experience.

In addition to technical competence, candidates should be dynamic, but diplomatic, ambitious and willing to play an active "hands-on" role. There are excellent prospects for advancement.

The salary will match experience and achievement.

If you are interested in either of these posts, please send your résumé with salary requirements to:

Ref. FT01

William Greenway, Partner  
WHINNEY MURRAY ERNST & ERNST  
Avenue Louise 523 Bte 30  
B-1050 Brussels, Belgium**npi****Internal Auditor****circa £7000 plus fringe benefits**

NPI is one of the leading and most progressive companies in the life assurance industry. We wish to appoint an internal auditor and the ideal candidate will be a qualified accountant who has had good audit experience (either as an internal auditor or in the profession) in the financial sector, and preferably in insurance. A knowledge of computer systems would be a distinct advantage. Applicants will be mature, strongly motivated people with the ability to discuss at the most senior level.

The appointment will be based at our main centre of administration in Tunbridge Wells which is situated in a pleasant part of Kent about 35 miles South of London. Some travel will be required to our office in the City of London but only very occasionally to other parts of the country.

Reporting in this appointment will be direct to the Company Secretary.

Interviews will be arranged in London.

The commencing salary will be negotiable at £7,000 per annum in addition to which we offer the following fringe benefits:—

- Staff mortgage at concessionary rates of interest
- Non-contributory pension scheme
- Free permanent disability insurance
- Relocation expenses where applicable

Please write or telephone  
W. Kingston, Personnel Manager,  
National Provident Institution,  
National Provident House,  
Tunbridge Wells,  
Kent, TN11 2UE.  
Telephone (0892) 26131**The Life Assurance Company****Reed Executive**  
The Specialists in Executive and Management Selection**Financial Director****Yorkshire****c.£10,000 + car + benefits**

Our client is an expanding autonomous subsidiary of an American parent operating in the Machine Tool and Foundry Industries. The person appointed to this key position will report to the Managing Director and be responsible for all accounting, data processing, secretarial and purchasing functions in addition to playing an important role in the management of the Company. Applicants should be qualified accountants who have previous relevant industrial experience at a senior level. Longer term career progression could move more towards general management. Conditions of employment are good and relocation expenses are available.

Telephone 0532 459181 (24 hr. service) quoting Ref: 3275/FT. Reed Executive Selection Limited, 24-26 Lands Lane, Leeds LS1 6LB.

The above vacancy is open to both male and female candidates.

London Birmingham Manchester Leeds

**Banking Appointments**  
**— The Gulf****US\$25,000-35,000 + Accommodation, car, bonus**

One of the largest commercial banks in the Gulf, now in a phase of dynamic expansion, requires loan executives in its investment and corporate finance department to assist an established team in developing its international lending operations.

Candidates should have a sound background of putting together syndicated loans and/or performance guarantees and

all aspects of international trade financing, together in each case with a detailed knowledge of documentation. These positions offer excellent scope for career development and capital accumulation.

Generous salaries will be negotiated within the range shown, according to age and experience. Benefits include free medical facilities and 45 days holiday each year. Renewable contracts are for 2 years.

Applications in confidence quoting ref: 6250 to B. G. Luxton, Mervyn Hughes Group, 2/3 Cursitor Street, London EC4A 1NE. Tel: 01-404 5801.

**Mervyn Hughes Group**

Management Recruitment Consultants

**COMPUTER LEASING SALESMAN**

Standard Chartered Leasing are seeking to recruit an additional leasing salesman.

The new salesman will be given a marketing territory in the U.K. and will be based in London. It is likely that he (or she) will be given additional European responsibility as the job develops.

The job itself is to market leases on IBM 360, 370 and the new 3000 series computer equipment. As SCL is a subsidiary of the Standard Chartered Bank group, the security of SCL is assured.

The successful applicant (male or female) would need a successful sales record, a knowledge of IBM equipment and a knowledge of finance.

An excellent salary with the potential to earn very high commission is offered with excellent fringe benefits and working conditions.

If you are interested in this position, please contact:

John Burke  
General Manager  
Standard Chartered Leasing Company Limited  
79 New Cavendish Street  
London, W1M 8AJ.  
Tel. No.: 01-580 0302**STOCKBROKING**

Experienced Personal Assistant (age 25-35), male or female, required by Partners in medium sized London firm. Must be competent to control and review computerised private client portfolios, prepare schemes without supervision and undertake some associated investment research. S/E examination standard essential.

Write with details of experience and remuneration required to:  
BOX 4835, FINANCIAL TIMES  
10 CANNON STREET, LONDON EC4A 3DF**Export Finance****the City**

A major international bank invites applications for the position of Head of Export Finance in its London Branch located in the City. Major responsibilities include the development and implementation of Government-backed export finance programmes for the United Kingdom, and the solicitation and structuring of ECGD backed loans.

Qualified candidates, in their mid to late 30s, will have experience with ECGD buyer and supplier credit programmes, a knowledge of international credit and business development procedures and preferably some knowledge of project finance techniques.

Salary will reflect the senior nature of this appointment. Other benefits are in line with best banking practice and include a company car, favourable loan facilities and a non-contributory pension scheme.

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details (including salary progression to date), not refer to previous correspondence with PA and quote the reference on the envelope.

Ref: S3701/FT

**PA Advertising**

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874



A member of PA International

**Jonathan Wren - Banking Appointments**

The personnel consultancy dealing exclusively with the banking profession

**DEPOSIT DEALER - MIDDLE EAST**

A financial institution based in a Gulf State wishes to engage an experienced Foreign Exchange Deposit Dealer. It is expected that this position will lead to a further appointment in London in approximately 2 years time. Salary is paid locally, and during the spell in the Middle East it will be tax free.

**SYSTEMS ACCOUNTANT** £79,000  
Our client is a leading international bank, currently operating at its London office a mechanized accounting system which is shortly to be replaced by a mini-computer system utilizing visual display units.

The bank seeks to recruit an experienced person with a background in international bank accounting, operations and systems, preferably including previous practical experience of installing a computer system. Candidates should have good analytical and communication skills, and will ideally be aged in their early thirties.

The appointee will initially play a prominent role in managing the installation of the new system, an assignment which will develop into a Senior Control/Accounting appointment.

**DOCUMENTARY CREDITS**£ negot.  
Our client is an international bank in London. Due to continued growth of the bank's substantial Documentary Credits business, there is a need to engage an additional person with in excess of 10 years varied experience in this field; candidates should have experience in all aspects of Documentary Credits work, including Guarantees of all types.

The position carries a generous salary and fringe benefit package, including profit-sharing, which will be amply attractive to candidates currently earning in excess of £8,000 p.a. We can currently also offer several rather less senior appointments in this field, with salaries in the approximate range £4,000-£5,000.

To discuss the above opportunities in confidence, please telephone ROY WEBB or KEN ANDERSON.

170 Bishopsgate London EC2M 4EX 01-623 1266/7/8/9



## Managing Director Civil Engineering Contractors United Kingdom

The Board of a prominent and successful civil engineering contractor, active both in the U.K. and overseas, plans to appoint a new Managing Director, aged around 50, to lead the Company over the next decade. The remuneration package is unlikely to be a limiting factor and the successful candidate is expected to be currently holding a deputy chief executive or similar position in a middle sized U.K. contractor or one of equivalent responsibility in a large company.

Please reply to us quoting reference MD/1291/FT on both envelope and letter, enclosing a full curriculum vitae. Letters will be forwarded, unopened, to our Client. If there are any companies to which you do not wish your application to be sent, please indicate this in a separate letter addressed to the Security Officer.

Urick Group Advertising Ltd Baylis House, Stoke Poges Lane, Slough SL1 3RF

## TWO SENIOR MANAGEMENT POSITIONS MIDDLE EAST

Our client, a rapidly growing and highly-regarded, multi-national manufacturing and trading company headquartered in the Middle East, seeks two outstanding senior executives.

### VICE PRESIDENT—CHIEF FINANCIAL OFFICER

Reporting to the President, the Chief Financial Officer will have responsibility for developing and implementing all corporate-wide policies, practices, and procedures with respect to treasury, accounting and financial control activities. He will develop and maintain internal reporting and control procedures, and serve as the principal catalyst in the financial planning process. Responsibilities will cover such areas as commercial and investment banking relationships, corporate capital structure, external financing, liaison with external auditors, acquisition and venture analysis, and review and analysis of subsidiary operating results.

The position calls for an accomplished financial professional having at least 10 years of broad-based, international financial experience with solid grounding in treasury, control and financial planning. Experience in evaluating investments, joint ventures and acquisitions, as well as with external financing on an international scale is essential. The ideal candidate will be a self-starter who has worked effectively in a relatively unstructured environment, has strong communications skills, a stable, mature personality, and appreciates the challenges associated with a rapidly-growing organization.

### VICE PRESIDENT—CONSUMER FINANCE OPERATIONS

The Vice President—Consumer Finance Operations will have profit and loss responsibility for the operation of the Consumer Finance Division. He will be responsible for all marketing, financial and administrative functions, and will initially supervise a staff numbering more than 160 people.

The position calls for a strong entrepreneurial and imaginative leader who has had at least 10 years of broad operations and general management experience either in a consumer or commercial finance operation. Background should include in-depth credit and collection experience and proven administrative abilities. It is essential that he have demonstrated the ability to manage all aspects of a multiple location business and have an understanding of computer applications. Again, strong communications skills are necessary as well as a stable and mature personality and he must be self-confident, accepting and appreciating the challenges of building a new organization and developing subordinate talent.

In each position, a most attractive compensation package is offered consisting of a substantial base salary supplemented by an outstanding incentive plan and other fringes including automobile, and furnished housing. Future opportunity in this growing company is limited only by the capability and performance of the successful candidate. If you are both interested in and qualified for either position, please write to us as the company's executive recruiting consultants:

Write Box A.6387, Financial Times,  
10, Cannon Street, EC4P 4BT.

## Industrial Projects Controller (Accountant)

A London appointment with a British corporation which identifies new processes and products and funds their development and subsequent profitable exploitation by industry. It draws its income from patent licensing activities, levies on sales and dividends; immediate funds £50m.

Reporting to the finance director the controller will evaluate financial and commercial features of industrial development proposals, including the financial capability of firms involved, recommend funding methods and monitor subsequent expenditure; professional staff of eight.

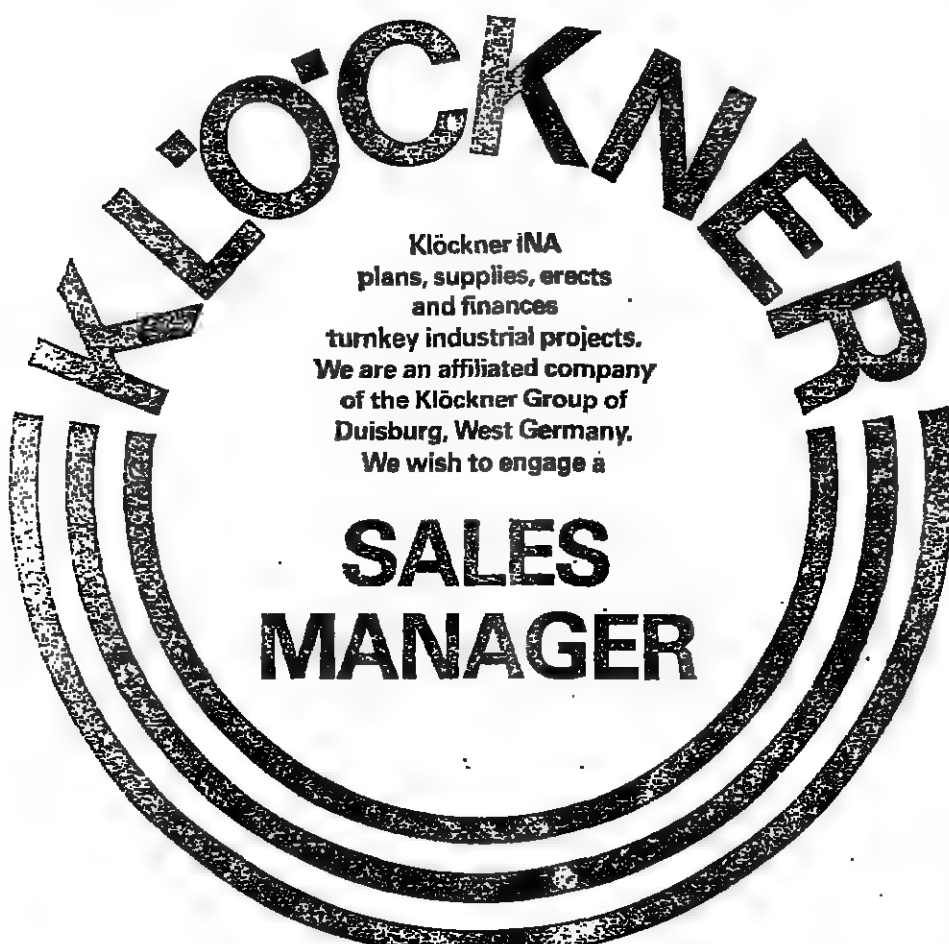
Candidates aged 35 to 45 must be qualified accountants with considerable senior experience in industry including acquisitions and related company investigations preferably in high-technology sectors.

Five-figure salary negotiable, comprehensive benefits, re-location assistance.

Please send letter of application and career résumé in confidence—to Dr. E. A. Davies ref. B.40333.

This appointment is open to men and women.

**MSL Management Consultants**  
Management Selection Limited  
17 Stratton Street London W1X 6DB



Klockner INA  
plans, supplies, erects  
and finances  
turnkey industrial projects.  
We are an affiliated company  
of the Klockner Group of  
Duisburg, West Germany.  
We wish to engage a

## SALES MANAGER

The applicant's age will be in the range 30 to 40 and the applicant will have a successful record in the industrial plants export business, either in a manufacturing, engineering, trading company or in a merchant bank.

Basic knowledge of German or French would be desirable but not a pre-requisite. The applicant must have an ability to establish contacts and negotiate projects

throughout the world and to head the Sales Department of our Company. The position carries with it the chance of a directorship in return for successful performance. The position is ideal for a first-class sales manager who is the number two in the present organisation but wants to acquire board level status within the foreseeable future.

Applications should be submitted in writing to Mr. H. J. Pretzell, Managing Director, and will be dealt with quickly.  
**Klockner INA Industrial Plants Limited,**  
Berkeley Square House, Berkeley Square, London W1X 5PA. Telephone: 01-492 0192.

## Stockbroking Insurance Specialist

Our client is a medium sized firm with a first class reputation for specialist research. The firm wishes to expand its existing team covering the insurance industry by recruiting an additional person with experience in this sector.

Applicants will ideally be Actuaries, Accountants or Graduates, aged 25-35, with a sound knowledge of the Composite and Life Assurance companies.

Remuneration is negotiable and will certainly be commensurate with the experience and ability of the successful candidate. The position offers excellent prospects for advancement including the possibility of a partnership in due course.

Please contact P.J. Stephens who will treat all enquiries in the strictest confidence.

**Stephens Selection**  
33 Dover Street, London W1X 3RA. 01-493 0517  
Recruitment Consultants

## LEASING OFFICER

Manufacturers Hanover Leasing wish to recruit a Leasing Officer for its London-based operation. The successful applicant will be responsible for negotiating the lease/finance of major capital assets and will report direct to the Marketing Director.

Candidates will be in the age range 25-35 and possess a proven record of success within the specialised field of equipment finance.

Salary will be commensurate with experience, a car is provided and there are fringe benefits consistent with those of major banking institutions.

In the first instance, write in confidence giving details to:

Mr. A. W. Dukes  
Manufacturers Hanover Leasing UK Ltd.  
22 Austin Friars, London EC2N 2EN

## James Capel & Co. ACCOUNTS EXECUTIVE

We need an additional Accounts Executive who will be working in the department which specialises in the management of trust portfolios, with particular emphasis on overseas business. Some experience in this field will be required, and the successful applicant is not likely to be aged under 25.

Applicants should send a brief curriculum vitae, including salary history, to:

D. Schulten  
**JAMES CAPEL & CO.**  
Winchester House  
100 Old Broad Street  
London EC2N 1BQ

## Accountant

for the London branch of an international bank with an outstanding record of profits and good management. A successful performance in this post could lead to advancement after a few years.

Aged 28 to 35, candidates must be chartered accountants with experience in the commercial field, preferably in banking. This must include multi-currency accounting. Pensions experience would be an advantage.

Salary £7,500 to £8,500. Non-contributory pension, low interest mortgage and other fringe benefits.

Please send relevant details—in confidence—to P. Hook ref. B.26403.

This appointment is open to men and women.

**MSL Management Consultants**  
Management Selection Limited  
17 Stratton Street London W1X 6DB

## Charles Barker Confidential Reply Service

Please send career details, listing separately employers to whom you should not forward your reply, to Charles Barker Recruitment Ltd.,  
19th Floor, Kennedy Tower, Savoy Hill, Queensway,  
Birmingham B4 6BE.

## FINANCIAL CONTROLLER c.£11,000 and car West Midlands

Our client, a major company in the automotive engineering industry is now seeking to appoint a top flight financial specialist to join their senior management team.

The duties of this interesting and highly responsible key post, which reports direct to the Managing Director include the effective control of:- general accounting; cost accounting and analysis; budgets; investments; E.D.P. and systems; tracking the Plant's performance against set criteria; analysing variants to forecast and making recommendations to consolidate and improve the Plant's profitability.

Applicants mid 30s/40 years of age with a good educational background, and preferably a relevant degree, should have at least seven years' in-depth experience and a thorough practical understanding of financial control (preferably gained within an engineering environment) as opposed to accountancy. The confidence and ability to manage staff in a tactful and efficient manner is necessary.

A willingness to travel abroad, initially for about four weeks, is essential. Conditions of employment are first class and include good fringe benefits.

Relocation expenses will be paid.

This post offers an excellent career opportunity for a self motivated professional male/female, within an expanding and progressive company which is part of an international group.

Please quote reference M.248

## STOCKBROKING INVESTMENT ASSISTANT to c.£5000

Our client, a progressive medium-sized firm of stockbrokers, is continuing a programme of expansion within the private client and banking department. A vacancy has been created for a person with previous experience to assist in the banking sector and suitably qualified personnel aged 20-32 are invited to contact us. The successful applicant will receive a competitive salary, bonus and other benefits. Please telephone Mrs. Lewis on 01-538 5752 or write in confidence to Birch's Employment Agency, 54 New Broad Street, E.C.2.

## Accountancy/ Bookkeeping

Salaries £2,000-£3,000+  
Just ring with or call for one of our  
**Free Lists:**  
of vacancies (Please quote ref.)  
Commerce & Industry (A-Z)  
List M100 £4,500-£5,000  
Part-time/Overseas  
List P50 £2,000-£5,000  
The Freedom List (Overseas)  
List P100 £2,000-£5,000  
Richard Owen Associates (Staff  
Agency), 54 Moorgate, EC2R 6EQ,  
Tel: 01-638 3833 24 hours

## DEALERS

Two well established City banks have positions for foreign exchange dealers in their mid twenties with a minimum of two years' dealing experience. A vacancy has also arisen for a sterling and gilt dealer again with at least two years' experience. The salaries for these positions will be up to £7,000 per annum with the usual fringe benefits.

### STERLING DEALERS ASSISTANT

This position is open to people with in depth experience of the sterling operations of a bank, to include knowledge of accounts, positions, settlements, sterling inter bank market, C.D.s, etc. Age range preferred is between 24 and 32, salary: £5,500.

### SENIOR FOREX

An international bank requires a person in their mid twenties, with an extensive knowledge of all aspects of foreign exchange. This position affords excellent opportunities for advancement within the bank and the salary will be up to £5,500.

These positions are open to male or female applicants

## BSB Banking Appointments

115-117 Cannon Street, London EC4N 5AX Telephone: 01-623 7317 & 01-623 9161

Recruitment Consultants

## FINANCIAL CONTROLLER MID/LATE 20's

Woking, Surrey. c. £8,000 + Car

Providing specialist consultancy services in town planning, architecture and engineering, our client, the subsidiary of a Canadian Group, is currently handling a major design contract for a Middle Eastern development project.

Reporting to the Managing Director, the Financial Controller will be responsible for further systems development, the preparation of accounts, administration, and the provision of financial and commercial advice concerning project development.

Applicants, qualified accountants aged in their mid/late 20's, should have experience in a commercial/industrial environment. Whilst with the presence of effectively interpret performance to management of varying disciplines and positively contribute to corporate development they should also be prepared to become involved in routine accounting functions.

For more detailed information and a personal history form, please contact Nigel V. Smith, A.C.A. or Peter Dawson quoting reference 2164.

Commercial/Finance Division  
**Douglas Lambie Associates Ltd.**  
Executive & Management Recruiters  
410 Strand, London WC2R 0ES Tel: 01-336 9401  
121, St. Vincent Street, Glasgow, G2 5JF Tel: 041-226 2101  
4, Colston Place, Edinburgh EH3 7JL Tel: 031-225 7744





## Procurement Management

Over £8500

Our client is a leading company in the high volume electronics industry. To enable them to continue to compete successfully in their growth markets, they are now looking for a procurement specialist with exceptional ability. A man or woman who can negotiate and conclude cost-effective contracts in WORLD markets.

With over £10m purchasing power, this presents a tremendous challenge to an experienced professional, already in a similar position with a major electronics company.

Naturally, as Procurement Manager, you will

have considerable support, with a staff of around 25 people.

You will have 10-15 years' experience in the function and be educated to degree level. Although not essential, our client's preference is for a Chartered Engineer who has some knowledge of computerised production control. You must, however, have practical experience of procurement in the USA and Japan as well as Europe, not only in electronic components, but also in complete assemblies from OEM's.

Interviews will be held in Central London and regionally within 21 days. Please write with full CV and in confidence to the consultant advising on this appointment:

Trevor B. Lee, Managing Director, Executive Projects Limited, Shears House, 995 High Road, London N12 8QX. Tel: 01-204 0862

## TRADE FINANCE INTERNATIONAL LTD.

As its name describes, T.F.I. specialises in the finance of international trade. Although new to the market, it has experienced management and adequate resources via its Zurich based parent bank. It now needs another good inside person, experienced in documentary procedure and E.C.G.D. matters. Ideally, the candidate will have an Export Finance House or Confirming House background. Terms of employment will be attractive to the right person and salary will not be a barrier in a dynamic Company, where there will be ample opportunity to grow in an expanding environment.

Write with full c.v. and salary progression to:

The Managing Director  
TRADE FINANCE INTERNATIONAL LTD.  
50 Gresham Street, London EC2V 7AY

## Managing Director

Midlands

Our client is a major Public Group which wish to appoint a Managing Director to one of their successful Engineering Companies. The Company with a turnover in excess of £3 million has an excellent history of growth and profit achievements and produces high quality precision engineering products, in demand both in the UK and overseas.

The Managing Director will have total responsibility for the Company and to achieve a high return on the investment.

For this demanding and challenging appointment it is essential to have a proven record of success in general management of an engineering company with clear evidence of both commercial and financial involvement. Formal engineering qualifications could be advantageous.

Rewards will include a basic salary between £11,000-£12,000 p.a., plus bonus and normal fringe benefits, including a company car. The above appointment is open to both men and women.

Please apply in confidence for application form to D. G. de Balder, Knight Wegenstein Limited, 75, Mosley Street, Manchester M2 3HR (Tel: 061-236 0987), quoting Ref. No. 68156.



**Knight Wegenstein Limited**

Executive Recruitment Consultants  
Management Consultants and Consulting Engineers.  
London - Manchester - Zurich - Düsseldorf - Madrid  
Paris - Stockholm - Vienna - Chicago

Banque de la Société Financière Européenne  
Multinational Consortium Bank  
Located in Paris  
is looking for

## EUROBOND DEALER

to increase the institutional sales force of its expanding Eurobond Department.

- Preferably aged between 26 and 32, the candidate should have a good knowledge and understanding of international financial and capital markets as well as at least two years of experience in the field of international bonds.
- Fluency in English and working knowledge of French are a must, any additional language like German or Dutch would be an asset.

This challenging job offers attractive compensation and good career opportunities.

Applications, giving full details of qualifications and career to date, will be held in the strictest confidence and should be sent to Mr. F. Perlewitz, Manager, Banque de la Société Financière Européenne - 20, rue de la Paix, 75002 Paris.

**THE BRITANNIA GROUP**  
OF INVESTMENT COMPANIES

## requires an INVESTMENT ANALYST

Britannia Financial Services is an independent investment management group. It currently manages over £300m. for unit trusts, pension funds and insurance companies and private clients.

THE INVESTMENT ANALYST is expected to specialise in engineering, electrical and construction shares. He or she will work closely with the portfolio managers. An ability to generate ideas and to analyse the ideas of others is essential.

A salary in the region of £5,000-£6,000 is envisaged. Applications, which will be treated in the strictest confidence should give details of education, experience and salary progression and be addressed to:

The Investment Director  
BRITANNIA FINANCIAL SERVICES LTD.  
8 London Wall Buildings, London EC2M 5QL

## UNIVERSITY COLLEGE OF BOTSWANA

Applications are invited for the post of

SENIOR LECTURER-PROFESSOR

in the Department of

Accounting and Finance

The University of Botswana is a

public institution of higher learning

located in Gaborone, Botswana.

The University is currently seeking

qualified persons for the post of

Senior Lecturer/Professor in the

Department of Accounting and

Finance. The successful candidate

will be responsible for teaching

and supervising students in the

Department. The candidate should

have a minimum of a Master's

degree in Accounting and Finance

or a related discipline. The

candidate should also have

at least five years' experience

in teaching at the University

level. The successful candidate

will be expected to contribute

to the development of the

Department. The salary for this

post is in the range of P10,000

per annum. Applications should

be sent to the Registrar, University

of Botswana, P.O. Box 22, Gaborone.

Applications should be received

not later than 15th July 1978.

For further information, please

contact the Registrar, University

of Botswana, P.O. Box 22, Gaborone.

Ref: 68156

Ref: 68156

Ref: 68156

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Ref: 68156

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## APPOINTMENTS

Rate £14 per single

column centimetre

## Finance/ Administration Director

Grindlay Brandts Insurance Brokers Limited is a medium-sized broking house, placing all types of business, except Aviation, at Lloyd's and elsewhere. Considerable scope exists for business expansion.

The Director will have responsibility to the Managing Director for all financial matters and for system development and general administration. Several years' experience of financial management in Insurance Broking is essential and some EDP knowledge will be necessary.

The man or woman required should be a Chartered Accountant and must have the maturity and confidence to assist a highly professional team to develop their business.

The compensation package will attract the most professional candidates, and future development will be in the context of the whole Bank Group.

Please write with full career details to:



**Grindlay Brandts**

R. J. E. Barker,  
Grindlay Brandts Insurance Brokers Limited,  
36 Fenchurch Street,  
London EC3P 3AS.

## Group Financial Accountant

West London £9,000 + car

Our client is a major U.K. industrial holding Company with over 20 subsidiaries and a turnover of £150m. A small corporate department provides advice, service and co-ordination across the whole range of financial and accounting matters. This appointment reports to the Financial Director and responsibilities will include control of Group funding and cash flow; preparation of consolidated financial statements and published accounts; advice on accounting principles and practice; review of internal audit and liaison with subsidiary Companies including special projects and investigations.

Salary c. £9,000 + car + excellent terms of employment and career prospects. Candidates ideally aged 28-35 should be qualified accountants with successful experience in an industrial environment. Ref: A8643/FT

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to the Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

## PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE  
Tel: 01-235 6060 Telex: 27874



A member of PA International

## APPOINTMENTS WANTED

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## LABOUR NEWS

## Firemen's shorter week claim for arbitration

BY ALAN PIKE, LABOUR CORRESPONDENT

TALKS ON introducing a shorter working week for firemen, which have made slow and difficult progress since the ending of the national strike in January, finally broke down yesterday.

Employers' representatives decided to take the issue to arbitration after failing to reach agreement at a meeting with Fire Brigades Union officials.

The further delay makes it increasingly uncertain whether it will be possible to meet the November target date for reducing the working week in the fire service from 48 to 42 hours.

There is already strong unrest among firemen over the issue, with some threatening to take further industrial action if necessary.

It appeared last week that progress was being made on the issue after employers, who had wanted to introduce the shorter working week on a three-shift system, conceded that the existing two-shift pattern could continue.

But there was no argument yesterday after some employers had taken a strong line over the right to decide how best to introduce new duty systems.

At present the employers have to consult the unions and reach agreement on changes in working practices.

The decision to seek arbitration was a unilateral one by the employers. It means that the entire shorter working week issue will now be considered by the Central Arbitration Committee under the agreed arbitration arrangements.

The inevitable delay before arbitration takes place will add to the frustration of firemen in many parts of the country.

Last month the union warned that firemen would feel that if they could not win the shorter working week by negotiation they would be "forced to take it themselves."

The union executive decided last night that it will present its case to the arbitration committee and is also to seek an early meeting with Mr. Merlyn Rees, Home Secretary, to discuss the shorter working week problem.

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## Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## HEAT CONSERVATION

## Shuts out the cold and the heat

AN IDEA which could hit the double glazing market very hard comes from a Huddersfield company and takes the form of folding internal shutters which can be slid out across a window to give heat insulation three times as effective as double glazing but at about one-third of the cost.

Much of the secret of this insulation material lies in the slits of the shutters. Patents have been applied for on the idea which would use either polystyrene or urethane foam containing a heavy inert gas, or a polystyrene foam.

Best performance from these core materials is for the first and it provides a k value of 0.017. To put this in perspective, it means that whereas a single sheet of glass of 3mm thickness allows heat to leak at a rate of 5.8 Watts per square metre, and per degree C, a 13mm Thermobinds with 20mm air space and a 6mm sheet of glass will reduce this figure to 0.9 Watt.

This is still far better than two sheets of 3mm glass with a 20mm separation, which gives 2.9 Watts.

The Thermobinds should cut out cold draught and reduce condensation very considerably. Core thicknesses of 6mm, 13mm, 20mm and 25mm are to be provided for a great range of window sizes and the DIY market will be catered for. A variety of surface finishes will be presented including plastic laminate, timber, fabric and glass.

Although it is early days, a guide figure as to the cost of the shutters is in the region of £15 to £17 per square metre.

Because the shutter material is so impervious to heat flow, the Thermobinds can be used in excessively hot weather to keep rooms facing the sun very cool. Apart from that, it provides total privacy and could be arranged to give an added degree of security.

There would seem to be few problems in fixing the units to existing window frames or during the construction of new housing.

More information from Thermobinds Insulated Windows, 28 Queen Street, Huddersfield, HD1 2SP. 0484 27666.

## COMPUTING

## Performance improved

SPEED OF development in electronic component technology, and particularly on the memory side, has led ICL to bring out a new processor in the large-scale group of its machines and enhance the performance of an existing unit.

Basic change is that the company is introducing much more compact stores, built up from 16K memory chips, replacing the bulky 16K 16K chips hitherto. Reliability of the 16K devices has improved considerably over the past two years and the very considerable reduction in manufacturing costs they offer cannot be ignored by the computer builders.

The new machines are the 2972 and 2976 which provide a performance improvement of 31 times better than the 2990, now selling in large numbers, and over four times better. Prices run from £1.3m to around £2m.

Some idea of the reduction in physical size made possible

is given by the fact that a two Megabyte main store in previous technology takes six cabinets, while the two cabinets of the new machines, apart from this, there is an improvement in cost/performance.

Existing 2970 and 2976 machines will be retrofitted if required and maximum store capability on the larger machine is extended to eight Megabytes. Together with these moves on hardware, ICL is introducing an improved version of the DME—direct machine environment—facility which allows programs from earlier machines to be run without major modification. It is applicable to the 2960, of which over 100 have been sold to date, and it provides a performance improvement of about 25 per cent when applied to programs for 2960 machines.

In peripheral, the company is bringing out a high performance magnetic tape unit able to transfer information at a rate of 1.25 Mbytes per second.

Further from ICL on 01-788 7272.

## Watch on a fast process

A NOVEL microprocessor system for important industrial and medical applications, developed by a research group at The City University, is to be demonstrated at the International Microcomputer Exhibition at Geneva, June 20-22.

The university's contribution is a dual processor system containing two Ferranti 1200 microprocessors, close-coupled. Dr. John Briazell, leader of the developing group, believes it has produced valid solutions to the very difficult problems of processor in processor communications, posed by the multiprocessor concept.

In particular, TCU researchers have combined rigorous protection of software with the high speed of hardware working under direct memory access. The input-output processor controls

A/D and D/A converters and cyclic buffers which enable the main processor to be interrupted by a signal process interrupted.

The idea was originally conceived to provide more processing power for the university's long-term Roving Slave Processor project, but it is now thought to be of sufficient interest and promise to be developed in its own right.

There are several important application areas in which its real-time signal processing capability will be of value apart from constant monitoring of such hospital patients as heart sufferers, there is the monitoring of a wide variety of fast industrial processes.

Further data from Communications Office, The City University, St John Street, London, EC1. 01-253 4399.

## Tests passed on time

COMMISSIONED by the Anglian Water Authority after a great deal of controversy, leading to a second round of tendering, a large Honeywell 66/10 installation with twin processors has passed a series of benchmark tests.

Logic was the computer consultancy awarded the specifying, developing and running acceptance tests and its 21 man-years' work in the development of the benchmark included building databases containing 1,400 megabytes of data, and the authority's customer billing and water quality databases, and construct-

ing programs for entry of the data, enquiries on the data base, technical linearring work, program development and commercial and scientific batch work. Logic also built a special terminal simulator which represents the Authority's entire network of 80 terminals. These are intercom units built by Honeywell, newly acquired subsidiary.

The benchmark tests of computer's throughput, response time on the terminals and its ability to recover from a variety of failures. The Honeywell system completed and passed all the tests at the first attempt. Logic is at 44, Newmarket Street, London, W1A 4SE. 01-580 3361.

## COMMUNICATIONS

## Rank ready for optical fibre push

IN A few weeks Rank Optics is expected to announce its debut in the communications optical fibre field, with a system aimed at the short haul market including data link and computer systems and intercity.

The company has installed a quartz fibre pulling unit at its Leeds factory, to make a product suitable for communications runs up to a kilometre—implying an attenuation figure of perhaps 20 to 30 dB per kilometre.

For over ten years the company has been drawing fibres for use in straightforward light guiding applications where low loss is not important—60 dB/km is fairly typical—and the product has been widely used in equipment ranging from versatile motorway signs to dashboard instrument illumination in the Rover, Jaguar and Princess cars.

Rank Optics' turnover in these "light bending" applications exceeds £1m and, apart from the decorative lighting business (which peaked some time ago), is steadily rising.

At Leeds, bundles of fibres are drawn direct from stock, up to 4000 fibres, and are then cut to length and bundled into a 440 pin bundle for direct connection to drums, about 200 pin and the company has many more

get the cost down to about 7p per metre.

The latest traffic signs in production at Leeds make use of a branched fibre harness system in which one tungsten halogen lamp feeds the ends of a large bunch of fibres which is divided to provide separate illumination of each spot element of a legend. Other lamps, of other colours, feed the same and/or other elements via integrating chambers so that multi-coloured multi-legend displays can be manufactured.

Such displays are easily remotely controlled over phone lines and on some models the company uses more fibre lines to monitor the lamps and register faults in the control room.

Advantages include a marked reduction in the number of lamps needed compared with the "bush" equivalent (typically ten to one), up to 50 per cent reduction of power, no complicated lamp switching, no "sunlight phantoms" (there are no internal reflectors) and a bright, directional display.

Rank has also undertaken many specific designs for industry including, for example, a tiny circular ring of light guide duplex unit which look for tears in the paper during the manufacture of cigarettes, using a reflection technique.

For the motor industry it has a design, which has not yet been taken up, for monitoring brake failure in the vehicle's lights by taking a fibre line from each location to a plan view display on the dashboard.

Rank Optics is on 0532 634001. GEOFFREY CHARLISH

## MACHINE TOOLS

## Design study project

A STUDY carried out by a Department of Industry Committee on Automated Small-Batch Production (ASBP) found that the UK lags behind its major competitors by about 10 years in installing flexible systems—cells of numerically controlled machine tools linked by computer to a computer-controlled workplace transport system; and that the current state of research and development is very small in comparison with other major industrialised countries.

As a result of these findings, the Department is placing a £20,000 design study contract with machine tool designers in industry. It has endorsed in principle the ASBP Committee's

findings and has requested that the Committee continue its existence to steer the programme of work.

The Committee is willing to consider proposals for research and development work in the field of automated batch manufacture which might be integrated with the Committee's programme and which could be eligible for funding on a cost-shared basis through the Department of Industry's Requirements Board.

Further information from: Mr. R. M. Sim, ASP Project Officer, Manufacturing Systems Group, National Engineering Laboratory, East Kilbride, Glasgow G75 4QU (East Kilbride 20223).

## COMPONENTS

## Aids precise measurement

IPT 119 electronic pressure transducer from Darrah Weighing Equipment has been designed to suit both conventional and computerised process control systems. Typical of its many applications include process weighing, low pressure measurement in medical research, monitoring electrical supply cable gas pressure, process pressure measurement in petrochemicals and soil mechanics.

It is available in pressure ranges from 0.5 high water gauge to 800 lb force per square inch—absolute differential and barometric—with output in

bipolar voltage up to 20V and current for two-wire transmission. The sensor is a corrosion-resistant stack displacement being deliberately small, with movement converted to an electrical signal by a linear variable differential transformer. This achieves excellent hysteresis and stability characteristics, the combined effects of these not exceeding  $\pm 0.1$  per cent of span. Pressure media can be any liquid or gas compatible with stainless steel and Inconel X750, although other materials are available.

Darrah Weighing Equipment, Darrah Avenue, Orpington, Kent BR5 3RJ. 0689 72901.

## FARMING

## Cows get fed and milked

HOPING TO highlight the Royal Agricultural Show at Kenilworth next month is Simplex of Cambridge, when among other products, it will display the Babram Milking Parlour.

Constructed of sheet steel pressings instead of the conventional welded bent structures it gives the particular advantage of straight run rails which are mono constructed in one complete piece for added strength—and leader rails are included to ensure that the cows enter the parlours and not the operator's pit. This pressed steel construction enables the parlour to be quickly and simply installed and reduced on-site work.

From the pit, the operator could feed the cows with an automatic feeding system which is controlled from a multipoint selector unit which is either manually controlled or can be

## METALWORKING

## Bends thick steel plate

FACILITIES for the fabrication of large diameter, thick wall steel tubular components at the Souththorpe, South Humberside works of Redpath Dorman Long now include a 5,000 tonne High Smith vertical plate bending machine. This machine, said to be the only one of its kind for cold rolling, is capable of accurately bending plate of B.S.460 Grade 60D quality up to 176mm thick.

The new machine can bend thick plate by using a combined system of three interchangeable rolls of 475mm, 950mm and 1,050mm diameter. A very wide range of material properties, plate thicknesses, plate widths and diameters are claimed to be within its scope. Plates weighing up to 40 tonnes and 3,500mm wide can be handled, as well as small diameter, thick wall tubular components—for example, 1,068mm diameter cans with a wall thickness of 50mm.

More on 0376 515111.

## PROCESSING

## Plant made easier to control

MAKING A major drive in the UK and Europe for its MPC80 micro-based industrial process control equipment, Negretti and Zambra has developed the ideas originally pursued at Oxford University and the Warren Springs research centre of the DoI to a stage where three-term process control with up to 32 loops, sequence control and data logging is available from a single MPC80 dedicated front-end controller.

But if the user so requires, a series of these relatively low-cost front-end units can be applied to the plant to do the same job, or again this can be run through eight or more radially distributed units.

The developers claim, apart from ease of installation on plant to suit customers' requirements, far better cost/performance compared with the use of dedicated units.

Use of language used with these control units, Sentrol, allows process engineers to carry out parameter changes as they require, without any special knowledge of programming.

Two pairs of wires carry all necessary interconnections between each front end controller and the central unit.

Negretti is expanding production at Aylesbury and strengthening its software engineering teams as well as regrouping its sales effort into home and export market teams.

Further information on the controllers from Negretti and Zambra, Stockley, Aylesbury, Bucks HP20 1DR. Aylesbury 5931.

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## NATSOPA to recall conference on funds

By Our Labour Correspondent

THE NATIONAL Society of Operative, Practical and Media Personnel, is to recall its conference later this year when a solicitors' inquiry into financial matters is complete.

NATSOPA leaders have told delegates to their biennial conference now in progress at Eastbourne that they will be recalled when the final report from the solicitors, Lawford and Co., is available.

Last year Mr. Owen O'Brien, general secretary since May 1976, asked the solicitors to undertake an inquiry into the sale of union properties in London.

He wrote in last month's issue of the NATSOPA journal that the matters arose from "endeavours that were made by the former general secretary to protect the society's funds from sequestration under the Industrial Relations Act, 1971."

Mr. O'Brien said that as a result of actions he had taken certain moneys due to NATSOPA had been transferred to the society's account and a sum of £9,500 was still subject to inquiry, part of which was being claimed as expenses. In addition he had given instructions for the sale of gold sovereigns, Kruggerands and gold medallions which had been purchased as an investment.

Mr. O'Brien, who was recently re-elected as NATSOPA general secretary, referred at the conference to attacks which had been made on him during the election campaign. Delegates passed a resolution reaffirming their confidence in the administration of the union's affairs by its officers and executive council. They confirmed their trust in Mr. O'Brien and expressed gratitude for his "full and clear explanation given in answer to the many attacks made upon him."

## Miners urged to seek £135

MR. MICK McGAHEY, president of the Scottish Miners, yesterday urged the union to press for £135 a week for coal workers.

Speaking on the first day of the Scottish area conference of the National Union of Mineworkers, he also supported the Yorkshire miners' call for proportional representation on the national executive, which he said had overturned conference decisions and did not truly reflect the membership.

## Tyne Tees TV strike goes on

TECHNICIANS at Tyne Tees Television were still on strike yesterday protesting against the casting of advertisements and locally-transmitted programmes from the Newcastle-based television station for a third day.

The dispute began when a transmission controller refused to transmit a car advertisement last week. Management said yesterday that it was prepared to put the issue through the normal disputes procedure, provided the technicians returned to work.

## Pay walkout at dockyard

HALF THE workforce of Portsmouth naval dockyard walked out on strike yesterday in the biggest protest so far in a mounting wave of unrest over pay.

The rest of the 6,000 workers are banning overtime and refusing to work incentive bonus schemes.

The dockyard's biggest union, the Transport and General Workers, staged the latest in a series of 24-hour stoppages. Other groups of workers to hold one-day strikes over the past week are the engineers, the shipwrights and the boilermakers.

## Union leaders try to strengthen participation plans

By CHRISTIAN TYLER, LABOUR EDITOR

TRADE UNION leaders yesterday decided to try to claw back some of the ground they have lost in the controversy over worker participation in private companies.

They are to urge the Government through the TUC-Labour Party liaison committee to remove, in the drafting of the Bill, what they see as the ambivalence and compromise from last month's White Paper.

They will also seek to have their demands for unequivocal rights for trade unions incorporated in the Labour Party manifesto for the coming general election—on which the Bill's future depends.

Meanwhile the TUC nationalised industries committee has invited Sir Peter Parker, head of the group of State chairmen, to meet with the heads of the big nationalised industries at the end of the month. The purpose will be to urge State industry to move ahead faster on worker participation. All nationalised industries have been asked by the Government to declare plans by August.

At the TUC economic committee yesterday, the White Paper's provision for statutory "fall-back" rights of consultation and Board level representation were welcomed. But the idea of two-tier Boards was strongly attacked, and the TUC is to insist that the

Board on which unions are represented should have control of all major decisions, not merely long-term strategy.

Also attacked—as being a compromise pushed through by the Right-wing majority of the Cabinet—was the White Paper's suggestion that the first step, after three or four years of formal participation would be to allow unions to claim a third of seats on the board. Members of the committee are sticking to the TUC bid for parity, but for the present are unlikely to demand more than that the waiting period be shortened.

Among other points, they want sole union control of workers' joint representation committees, and sole right to board seats, where the White Paper suggests there could be special arrangements for large groups of non-union workers. But they agreed that an Industrial Democracy Commission be set up, rather than leave the monitoring work to the Advisory, Conciliation and Arbitration Service.

The CBI is expected to elaborate on its first hostile reaction to the White Paper today, in the wake of the Conservative Party which on Tuesday announced that it had reversed its initial approval of the document.

Union leaders have been told by the Prime Minister that legislation will have top priority in the next session. But it is widely assumed that nothing radical can materialise unless Labour wins the election.

## NALGO backs pay moderation talks

By PAULINE CLARK, LABOUR STAFF

BRITAIN'S chances of avoiding a rush of inflationary wage demands this autumn were boosted yesterday when the 710,000-strong National and Local Government Officers Association's annual conference in Brighton approved continuing talks on pay with the Government.

The decision enables Mr. Geoffrey Drain, general secretary of the union and one of the leading six trade union negotiators with the Government, to promote union moderation on pay policy in the future, but without acceptance of a formal Phase 4 pay policy after July.

The conference adopted a similar line to that of the General and Municipal Workers Union last week, when Mr. David Bassett, the general secretary and chairman of the TUC, also received a mandate to carry on talking about pay with the Government.

In both cases, union leaders have spelt out the dangers of

public service employees suffering from an unheeded return to collective bargaining, and have emerged as leading proponents of the case for an unwritten understanding with the Government on what should follow the rigid pay policies of the past three years.

Mr. Drain said the conference's approval of the union "White Paper" on pay meant that the notion of free collective bargaining for public service employees had been recognised as unattainable.

"We are now left with the job of projecting our ideas on a system of tripartite determination of wages between Government, employers and trade unions, and on seeking a broad economic understanding with the Government."

He emphasised that this would involve a joint "broad assessment" of economic and wage policies in the future, and not a commitment to negotiation.

## News service disrupted

By NICK GARNETT, LABOUR STAFF

JOURNALISTS WORKING for the Press Association national news service are threatening industrial action unless management makes major improvements on its annual pay offer.

A meeting of National Union of Journalists' members at the agency's London offices yesterday disrupted the flow of news to newspapers, radio and television stations for about three hours.

The union intends convening another mandatory meeting of its members during normal working time next Wednesday.

An official of the union's Press Association chapter (office branch) said yesterday that if improvements in the offer were not considered satisfactory, a work-to-rule would be instituted by the agency's 240 NUJ members.

The chapter is claiming pay parity with other Fleet Street journalists who, it claims, are paid an average of about £2,000 more than Press Association staff.

## Peace move at Llanwern

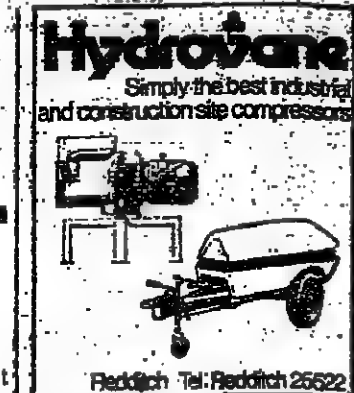
By ROBIN REEVES, WELSH CORRESPONDENT

A PEACE PLAN aimed at ending the fortnight dispute at British Steel Corporation's plant in Llanwern, S. Wales, will be discussed this morning at a mass meeting of blastfurnacemen involved in its shutdown.

The plan has been drawn up by local officials of the National Union of Blastfurnacemen after suggestions put forward at a routine meeting of the union's national executive in Middlesbrough earlier this week.

Details of the proposal were not available, but union officials were hopeful it would produce an "honourable" return to work.

The shutdown, which originally involved about 500 blast-



## HANDLING

## Fills bags and sacks

PNEUMATIC conveying equipment has been developed by Theclastic of Eccles, Manchester, for the transfer of bulk materials to bags, sacks or open containers, at a handling rate of up to 2,000 lb per hour.

Suitable for handling free-flowing materials in bagged or granular forms, it has applications in the plastics, chemical, agricultural and general process industries.

Basically, the new Theclastic development has a centrifugal fan, a cyclone, a suction pipe and a two-way material delivery unit with bagging spigots. These items are supported on a cast-iron frame having overall dimensions of only 3 feet by 4 ft by 7 ft 6 in. light. Compact design, coupled with mobility, enables the conveying system to be easily manoeuvred to any material transfer point.

Transfer of bulk materials to the bagging spigot is effected by a suction pipe, which is complete with suction nozzle, which can be inserted in a collection hopper or similar material storage facility. The control of material transfer is achieved by a suction handle adjustment, while changing of material delivery during bagging is effected by hand-lever operation.

Theclastic, P.V. Works, Montford Road, Eccles, Manchester M30 5



# The Marketing Scene

## How Joan Collins and The Stud made two and two make five

BY ANTONY THORNCROFT

THE STUD, the shapely vehicle for Joan Collins devised by sister Jackie which scored as a film, a record and a book, has notched up sales of £25m in just two months. Not surprisingly, champagne corks were popping, but at Benton and Bowles rather than in the Jermyn Street night club Tramps, where most of the film was shot.

Benton and Bowles was throwing the party because it produced the advertising for what was very much a marketing exercise. Indeed, the media budget of £350,000 equalled the cost of the film.

This was a rare case of synergy, or two and two equaling five. Brent Walker raised the finance for the film and wanted it promoted as intensively as Ronco promotes records. Benton and Bowles produces advertising for the Ronco records and was quite happy to take on a joint exercise. One commercial sold film, record and book, with the result that the album is now "platinum," which means it has made film through the tills: the film and book have contributed another £25m.

At the Cannes Film Festival the rights to The Stud have been sold virtually everywhere except in the U.S., although three companies are reported to be competing for that prize. The initial budget was £200,000 split between



Joan Collins: a £250,000 production budget plus a £350,000 ad spend turned The Stud into a £5m property.

Benton and Brent Walker, but the success in pulling in paying customers encouraged the clients to add in another £150,000, and there are already plans for a second burst after a decent interval.

## Schlitz returns to JWT

BY DAVID LASCELLES, NEW YORK

THE TURBULENT and fiercely competitive U.S. beer market has just produced one of its big account changes. Jos. Schlitz, the Milwaukee brewer whose ads are based on a "Gusto" theme, said at the beginning of the year that it was unhappy with the way things were going with the Leo Burnett agency which had handled its account since 1961. It wanted a change.

Eleven agencies were invited to submit ideas. By March these had been whittled down to six, at which stage Leo Burnett, which had been included, dropped out of the race. Finally, after what the Schlitz management described as a "tough decision between truly outstanding presentations," the account was awarded not to one but three different agencies.

J. Walter Thompson has been named as agency for Schlitz Beer, and Benton and Bowles for Schlitz Malt Liquor. Cunningham and Walsh continues as the agency for the brewer's two other major products, Schlitz Light Beer and Old Milwaukee. The big question now is stand to share an account estimated by advertising industry sources to be worth some \$22m a year, they also face an uphill struggle.

Schlitz, long the No. 2 brewer in the U.S. after Anheuser-Busch, is going through a sticky patch. It was recently edged out of the No. 2 slot by Miller Brewing, the aggressive subsidiary of Philip Morris, the tobacco company, and it reported declining sales last year for the first time in several decades.

Although part of these difficulties are due to bad management decisions, including failure to recognize the fast-growing market for light or lager-type beers, the decline in the company's once-excellent advertising is also to blame, say sources.

Last year, in what is acknowledged to have been an ill-advised campaign, a series of TV ads showed Schlitz drinkers reacting, severely to suggestions that they try another brew. The series became dubbed as the "Drink Schlitz or I'll kill you" approach, and probably frightened many potential buyers of sales.

Since then Schlitz has reverted to the "if you don't like Schlitz, you don't have gusto" theme, but damage had been done which little short of a complete rethink could mend.

that identifies a brew in the public's mind is worth hanging on to. On the other hand, Schlitz may decide it's time for a complete change.

In this regard, it's worth noting that the two new agencies have quite different experiences in brewing advertising. To JWT, it is a familiar field. Apart from being Schlitz's agency before Leo Burnett, JWT has handled other beers including Hamm's and Meister Brau. Benton and Bowles, on the other hand, had never directly handled a brew before.

A big figure in whatever does emerge is likely to be Schlitz's new marketing manager, Allan Proudfoot, who, apart from being six feet six inches tall, has just joined the company from Coca-Cola where he was head of sales. The decision to change agencies was made before he appeared on the scene but it was Proudfoot who headed the agency selection process and who will be keeping a close eye on the Schlitz image from now on.

In the first quarter this year, Schlitz sales fell 10.5 per cent on the same quarter last year to \$231m. The company showed a net loss of \$1.5m compared with net earnings of \$7.4m the previous year. The 1977 sales decline was 6.5 per cent.

## What the big boys are up to

Is there a crisis in branding? Have excessive cuts in advertising by the big manufacturers jeopardised the market position of their biggest brands? Michael Thompson-Noel reports

QUESTION: When is a crisis not a crisis? Possible answer: "When 1970 expenditures. (This is equally invalid.) On this basis, expenditure for 1977 is, in real terms, 82 per cent of expenditure for 1970, and if one excludes washing powders then the figure becomes 87 per cent."

Paul Baker, a director of O'Herlihy, has taken exception to the views of Stephen King, a director of J. Walter Thompson, who maintains that short-term pressures are forcing too many companies to cut back their branding activities (this page, May 25), and that crisis is not too powerful a word with which to describe the situation.

According to the JWT man, several very well established brands are visibly shrinking before their owners' eyes and several complete markets are toppling into unnecessary decline.

To illustrate his point, he examined the 1977 MEAL-type expenditure of the 35 grocery brands most heavily advertised in 1970, and showed how this expenditure, in real terms, had halved between 1970 and 1977. (Naturally enough, these 35 include some of the really great golden oldies of the grocery shelf: Oxo, Stork, Typhoo Tea, Bisto, Horlicks, Hovis, Lucozade, Heinz Baked Beans, etc.) "There are of course, wide variations around the average," says Mr. King, "but detailed analysis of the expenditure for the 160 or so advertised brands of the top 10 advertisers shows a very similar picture."

What was equally worrying, said Mr. King, was that branding activities that were measurable, such as advertising, may be cutting back on other activities designed to foster the long-term health of a brand—R and D, process and product improvement, investment in plant, pack improvements, new variants, consumer services and research, etc.

Mr. Baker is not at all happy with the basis of this analysis. According to him: "The figures quoted seem to have been selected with the specific intention of misleading the reader. Mr. King has selected the top brand spenders of 1970 and implies that the market place is totally static by examining the expenditure on the same brands in 1977, and concludes that real expenditure is down by 50 per cent."

"I have repeated his exercise, but taken the top 35 brands for

1977 and compared their 1977 and Britain's major brands has declined heavily over the past seven years.

Mr. King lists four minor qualifications to his theme: 1—Some brands die, though in the case of the quoted 35, it was only two, Radiant and Omo, both of which had virtually stopped advertising by 1977.

### HOW MUCH ON PRESS AND TV?

	1970	1977	%
Lever Bros. and Associates	6.2	2.9	-53
P & G	5.8	3.5	-40
Cadbury	5.7	5.3	-6
Beedham	5.3	4.3	-18
Rowntree	4.3	3.7	-13
RHM	3.5	2.4	-31
Van den Berg	3.4	2.7	-22
Mars	3.3	2.8	-17
Colgate	2.5	1.4	-42
Brook Bond Oxo	2.3	2.3	+1
	42.2	31.3	-26

Source: MEAL

The table shows the spending on Press and TV of the ten top-spending advertisers of 1970. In total they accounted for about 40 per cent of all advertising in the food and household stores categories. There are certain problems of definition. This table regards Lever Brothers and Associates and Van den Berg as separate companies; Cadbury includes all confectionery, Typhoo and brands under the Cadbury name but not other subsidiaries; Rowntree includes all Mackintosh; Mars excludes Petfoods.

considerably trimmed their sails. Total MEAL expenditure in this sector in 1970 was just over £7.5m. Last year it was just over £3m—a drastic slump in real terms. (Total MEAL spending on Lever Brothers' Omo in 1970 was \$683,000; last year the figure was nil.)

But Mr. Baker's main point is that nothing stays still in the market place—that because of ebbs and flows and a hundred and one factors affecting consumer buying decisions, it is fruitless to compare advertising expenditures for specific brands over a seven-year interval and draw broad conclusions.

Mr. King agrees there are numerous difficulties involved. But he maintains that only minor qualifications are necessary to substantiate the claim that the 1977 list were launched since advertising expenditure for 1970. Only one of them spent

2—Only five other brands were spending substantially less in 1977 than 1970 as current money terms, and for two of them there were special circumstances (Kellogg's Corn Flakes—supply problems; Maxwell House—coffee price crisis). The other three (Liquid) were all spending substantially more in 1977 in real terms than in 1970, so were presumably not thought to be dying.

3—The list of each individual year's top-spending 35 brands changes, of course. The 1977 list contained 16 brands not in the 1970 list, but its total expenditure was still 39 per cent below that of the 1970 list's spending in 1970.

4—New brands are introduced to take the place of dying brands. But only seven brands in the 1977 list were launched since 1970. Only one of them spent

enough in real terms in 1977 to have qualified it for the 1970 list at all—Whiskas.

[There are, of course, eternal difficulties over defining a "brand." For example, are Persil and Persil Automatic one brand or two? In Mr. King's case, he chose his 35 top-spending grocery brands from MEAL's food, household stores and toiletries categories, leaving aside cigarettes, alcohol, razor blades and patent medicines. Quite naturally, he turned a blind eye to Top Dog pet food, which spent heavily in 1970 but did not advertise at all in subsequent years.]

According to Mr. King: "I don't think any impartial observer could look at the 35 brands and suggest they were representative of the regular manufacturing cycle of replacing the old with the new. Most of them seem to me the life-blood of their makers, and from that point of view it is worth concentrating on them. No manufacturer to whom I've shown the figures so far has suggested that there isn't a very real problem."

"To repeat a point that it seems necessary to go on making: the advertising figures aren't particularly important in themselves. They only become symptomatic of a decline in all forms of branding, if they are symptomatic and if manufacturers are cutting ration 'd'etre of the manufacturer on these things, that does seem to me to be eroding the turner brand."

That is not quite the end of their difference of opinion, however. According to Mr. Baker: "Mr. King also appears to be upset that private label brands are improving in quality and are usually cheaper than the branded equivalents. (Surely this is good for the consumer). However, it is not true that the private label brands lack advertising support as in fact advertising expenditure on chain groceries is up by nearly 500 per cent in real terms from 1970 to 1977. Maybe here lies part of Mr. King's unhappiness: the major leading agency not represented in the chain grocery segment is—you guessed it—JWT."

Mr. King disputes that figure-work. More to the point, he doesn't care for the tone of the last sentence. "It's a pity some people can't take you and your arguments at face value without implying you're grubbing around for business," he says. It's a tough game, branding.

## Top B & B job goes to Miss Hallsmith

BENTON AND BOWLES, Britain's 14th biggest advertising agency with 1977 billings of £18.4m, has set a hundred pulses racing by appointing Robin Hallsmith as creative director. Miss Hallsmith, 44, becomes the first woman to occupy such a position in a top London agency.

Benton and Bowles has been seeking a creative director since Dennis Bareham joined Leo Burnett last November.

Miss Hallsmith is currently a creative head and a board director at Ogilvy Benson and Mather. OBM is replacing her with Alan Rodford. Miss Hallsmith—not the best looking of London's creative luminaries—worked previously at Fritchard Wood, Garland and Belding.

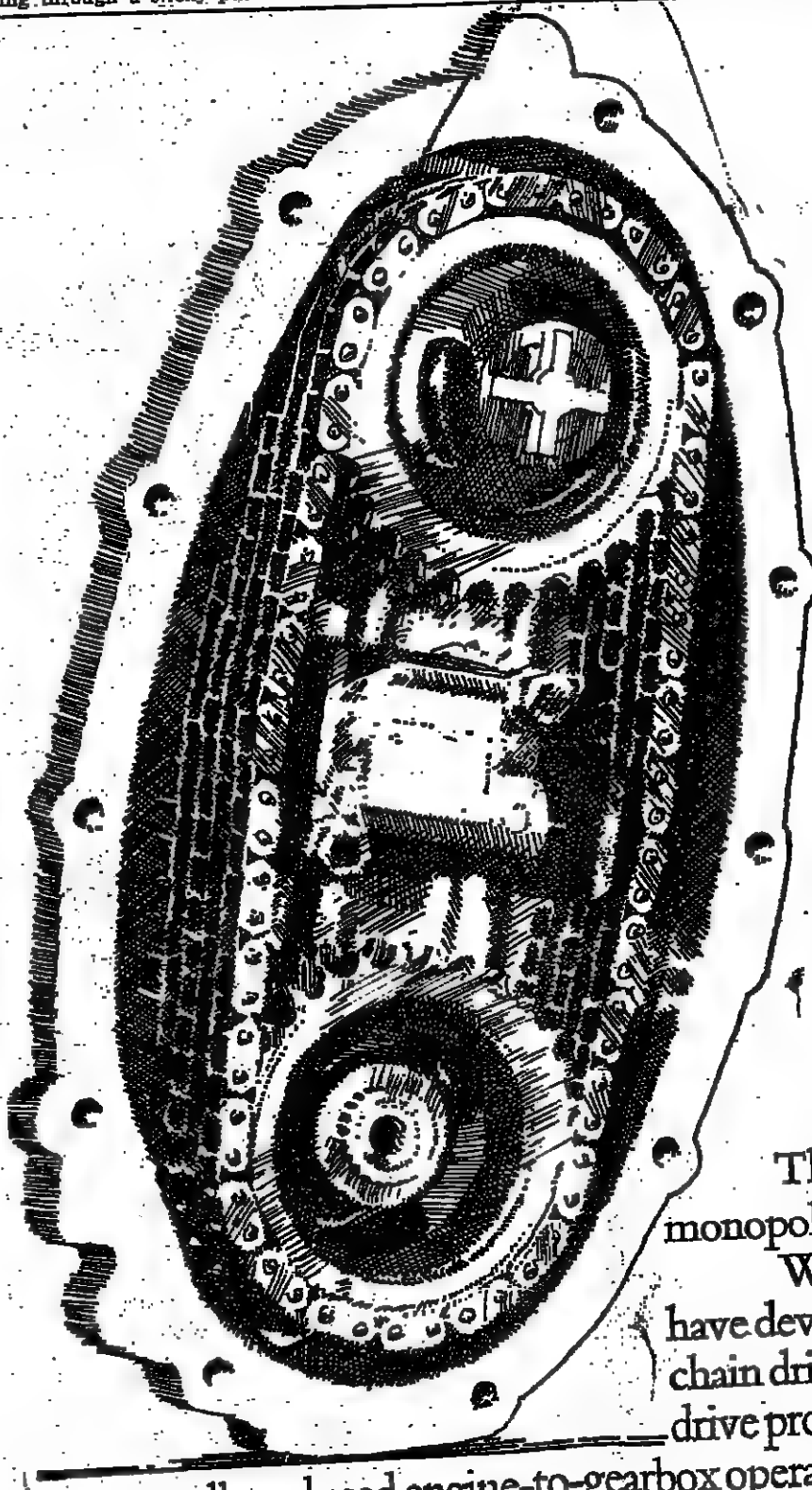
MT-N.

## Interteam McCann wins £1½m

LLOYDS BANK International has appointed Interteam McCann, the newest of the McCann satellites, to handle its £500,000 advertising and promotional budget in Europe, the Middle East and Far East, Africa and the Americas.

● WHILE MANY advertisers were hastily scrambling for cover as a result of Scotland's World Cup demise, the TV buying group at Lintas has been happily following Italy's progress with its Wall's Cornetto Ice-cream ad which has a distinctly Italian theme. According to Val Knott, head of the buying group: "We're rather pleased with Italy's success, and look forward to being in the final with Cornetto and Italy." Wall's is spending £1m on its ice cream brands this year.

● THORNTON MUSTARD, previously with Cadbury Schweppes and Avon, has been appointed marketing director at Cussons. John Proctor is the new general sales manager.



## SILENCE IS GOLDEN

The aircraft industry has no monopoly on initiatives to reduce noise. Working with Saab, Renold have developed a technically advanced chain drive system for front wheel drive production cars. It's quiet. It has

generally reduced engine-to-gearbox operating noise and eliminated gear rattle at tickover speeds.

In its silence, simplicity and refinement, it is an achievement for British engineering and could strike gold in export markets.

The application of British inventiveness to create new business opportunities has been a feature of The Engineer for over 120 years—just one of the elements in its reflection of the contemporary industrial scene in all its aspects.

For the modern manager in industry, life is a more complex business than for his Victorian counterpart and this complexity is reflected in today's copies of The Engineer. Its news and feature pages range over all those factors—technical, political, economic, legal—affecting the competitive performance of industry in today's highly organised society. A year's weekly issues add up to a history-in-the-making of industry—a continuing narrative of fact, opinion and debate, charting events, ideas, relationships—in fact tracing all the major influences on the direction of, industrial change and growth.

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# The dangers of proposition 13

BY PETER RIDDELL

THE OVERWHELMING endorsement of proposition 13 in California—cutting property taxes and limiting the growth of revenue—should be seen as a warning about how not to take major policy decisions. Instead, the vote has become a beacon, encouraging similar anti-public sector protest movements elsewhere in the U.S. and abroad. It was perhaps inevitable that this bandwagon would not take long to attract someone like Dr. Rhodes Boyson. He has said a Conservative Government should consider holding a referendum limiting personal taxation as well as one on capital punishment.

## EEC referendum

This kind of populism must produce the occasional wine among some of Dr. Boyson's more thoughtful and less publicly-conscious colleagues, including those on the Shadow Treasury team. But it is the price we must presumably pay for the successful advocacy of a referendum on the EEC by Mr. Anthony Wedgwood Benn.

This is not to underestimate the significance of the growing public objection to the level of taxation on both sides of the Atlantic. It is quite right that politicians should respond to this concern. The question really is how the response should be channelled and whether a representative method is better than the direct exercise of the popular will through referenda.

The problem is that the referendum route does not allow a balanced consideration of the consequences of a tax-cutting decision. My own view after visiting California for several days during the campaign is that a referendum is the worst possible way of curbing the size of the public sector.

Supporters of the tax-cutting proposal frequently suggested that approval would not mean the loss of significant disruption of vital public services. They suggested in effect that Californians could have it both ways: the loss of more than a fifth of local revenue could be offset by the elimination of waste and more crudely, by cutting back on welfare payments. The former view was given respectability by Professor Milton Friedman, now a San Francisco resident, who appeared in a series of television commercials in support of the proposal.

The opponents of the proposal, including both Governor Jerry Brown and the Bank of America, presented their own alternative tax-cutting scheme. And local authorities presented a hypothetical budget showing the implications—for example, large cutbacks in the police force. But this was not convincing enough and a Los Angeles Times poll just after the ballot showed that a half of those who supported proposition 13 believed there would not have to be any reduction in services.

The immediate result of the vote is almost certain to be a smaller cutback than the opponents warned, but this is likely to be a misleading guide. After all, it is election year and Jerry Brown is looking for big re-election margin in November to sustain his presidential ambitions in 1980. So he will clearly want to try and minimise the short-term disruption of services, a state budget surplus of over \$500 million to offset a large part of the \$700 million lost revenue in the first year at least.

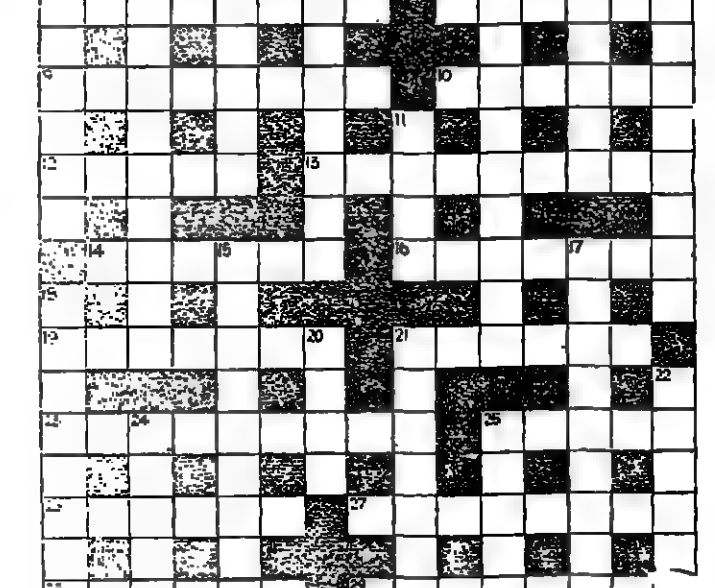
## Landlords

The longer-term impact will presumably be more severe with cuts in spending under consideration on law and order, education and environmental services. The effects are likely to be more acute for the poor, while the benefits of the cut in taxes will go disproportionately to private landlords.

All these points were raised during the campaign but the fact that voters were only asked to respond to a one-sided question meant that the consequences could easily be dismissed. This response has been taken even further in a recent vote in Ohio which went against a rise in property taxes even though this would mean that the schools in Cleveland do not reopen this autumn.

There are, of course, more sophisticated versions of the tax revolt such as the moves to impose fixed limits on the level and rate of growth in state spending, and to require the federal government to have a balanced budget. Some of the wiser ideas are unlikely to be taken up seriously in the UK. But there is the danger that a desire to cut taxes almost at all costs will lead to unbalanced decisions. There is certainly a strong case for limiting the growth of the public sector, and in particular of certain kinds of transfer payments. However, to achieve this goal in a haphazard and sudden way, as seems likely in California, will only produce an inadequate standard of certain services as well as risk increased social divisions and an eventual sharp counter-reaction.

## F.T. CROSSWORD PUZZLE No. 3693



- ACROSS
- 1 Direction by the way to complete letters after typing (8)
  - 3 Steps current composition of wine (8)
  - 5 Hunt bird in company seeking national assistance (4, 4)
  - 7 Oath on ceremony involving fairy (6)
  - 10 Hiding place for third-class citizen (male) (5)
  - 12 Oath volume, say, according to rules (2, 3, 4)
  - 14 Maidenhead is place to lose for the moment (6)
  - 16 Old boy returns flower to frequent (7)
  - 18 Girl determined to skip (4, 3)
  - 20 Another ten ring order in Bury (6)
  - 22 Mean birth to lead to bare pass (3, 6)
  - 24 Point to house of film star (5)
  - 26 Gunners in coffee-house hit the bottle (6)
  - 27 Play for time backing number one horse (5)
  - 29 Explanation of things happening on the Circle Line... (6)
  - 30... before Scots leader grew old as forecast (8)
- DOWN
- 1 Like this faster to offer comfort (6)
  - 2 Potato dish for willing carpenter (4, 5)
  - 3 Stuff about the chaplain (5)
  - 4 In which treatment is given to injured horse (4, 3)

## THE EUROPEAN COURT OF HUMAN RIGHTS

# Protecting individuals against the state

A CONTRIBUTOR to the letters column of The Times recently asked rhetorically how an Italian judge presiding over the European Court of Human Rights, sitting with judicial colleagues from Denmark, Finland, Malta, France and West Germany (omitting the seventh judge of the Court who came from the UK) could possibly understand the social and political conditions of the Isle of Man in determining whether the birching of a 16-year-old was a degrading punishment.

The correspondent's misunderstanding of this international tribunal that sits in Strasbourg under the auspices of the Council of Europe is a common reaction among the British public. Each of the 18 members appoints a judge to the Court. There is almost a sense of disbelief in Britain that the law and practice of these islands could ever be impinged upon by courts elsewhere.

To understand this international tribunal of growing importance to our civilised existence one has to go back to its origins. In the wake of the most traumatic onslaught in European history upon human dignity and rights—the Nazi holocaust—the nations of Western Europe established in the late 1940s the Council of Europe. One of its first steps was to draft the Convention of Human Rights and Fundamental Freedoms of November 4, 1950.

History had all too convincingly shown how inadequate were the traditional concepts of human rights at the level of national institutions. The creation of the Council of Europe and the adoption of a Human Rights Convention were the first tentative acknowledgements that protection could no longer be left to the tender mercies of national governments and national laws.

The beginnings of this new venture in human rights within an international context were modest. Although the Convention specifically envisaged individual citizens bringing their grievances to Strasbourg, that right had to be conferred by individual governments as a separate act of accession to the Convention. It was not until 1966 that the right of individual petition was granted by the British Government, and inevitably prompted the growth of litigation that has been witnessed in the past few years.

The right of individual petition had long been resisted by Britain on the ground that it would be contrary to the accepted doctrine that states, not individuals, were the proper subjects of international law. That view did not prevail, however, and the right is now firmly established.

The Convention is administered by two bodies—the European Commission of Human Rights and the European Court of Human Rights. Initially all applications go before the Commission. That body has three distinct functions. It first has to examine the admissibility of applications by individuals and states. The great majority of the applications never get past the first stage. The usual grounds for inadmissibility are that the applicant has failed to exhaust his remedies in the courts of his own country or that the complaint is manifestly ill-founded.

Once the Commission finds an application is admissible, it proceeds to establish the facts of the case. At the same time it takes on the role of conciliator and places itself at the disposal of the parties with a view to securing a friendly settlement. It is only where a settlement cannot be achieved that the Commission draws up a report on the facts and states its opinion whether there has been a breach of the Convention.

The final decision whether there has been a breach of the Convention is then taken by the Council of Ministers, or if the case is referred to it by the European Court. Reference can only be made either by the Commission or the Government against whom the complaint has been made. The individual complainant has no right before the Court, although in practice the legal team for the Commission may be heard as part of the proceedings. The Court is final and binding, and its pronouncements on the interpretation of the Convention have much greater authority than those of the Commission. The Council of Ministers then has the task of supervising the execution of the Court's judgment. Whereas the Commission's proceedings are all held in private, and parties are not permitted to reveal what has happened (although leaks to the Press are a common occurrence) those before the Court are conducted under the spotlight of Press and public.

Not unnaturally the Court proceedings bear little resemblance to an English court. Cases are conducted mostly by written submissions, and the oral hearings do not have the significance that they do in Britain. The advocates tend to read prepared speeches without interruption from the judges. At the conclusion, the judges sometimes ask questions which the parties are normally given time to answer. The cut-and-thrust of forensic debate is almost wholly absent. All this is alien, and even strange, to the English lawyer used to the essential orality of the English courtroom. There are, however, signs that English habits are beginning to permeate the proceedings. This is particularly true before the Commission, which has as its president, Professor James Fawcett, who is an English academic lawyer of international distinction. Under his influence the Commissioners do question the lawyers without ever approaching the state of garrulity which is the occupational disease of some English judges.

The outstanding characteristic of the Strasbourg Court, which is lost sight of by commentators, is that it operates in the context of a single Convention and outside any unified social system. The Court is purely and simply concerned with the human rights enshrined in the Convention. When it finds a human rights issue, such as flogging or third degree methods of interrogation, it tends to pursue the point to its logical conclusion. And it does so even though it means riding roughshod over various factors, such as public opinion or social policy, that one finds are the meat and drink of national courts which enforce similar human rights.

A Constitutional court, like the Supreme Court of the U.S., operating within a unified political and social system, is better equipped to bring into play all the factors that would modify the strict application of a particular human right. Once that fact is understood, the rulings of the Strasbourg Court become both intelligible and understandable. Whether successive British Governments find this kind of international tribunal tolerable will largely determine whether we shall shortly have a modern Bill of Rights. For if the courts at home begin to engage in the enforcement of human rights, there will be less need, or indeed opportunity, for dragging our Government before a court that is composed largely of judges reared and nurtured in alien systems of law.

## Powerful Marakas looks pick of Newbury Cup six

THIS AFTERNOON'S Newbury Summer Cup has the makings of an intriguing race. There are only six runners, but each has a claim to consideration. The likely outcome is a victory

old showed his best form last year. Both Town and Country and Bright Eye look strong possibilities for anyone brave enough to try for the forecast. The first named, not harshly treated with 9 st, has run well in his three races this term. The veteran of the party, Bright Eye, can usually be relied on to find his best form here.

Several progressive middle-distance performers are due to clash in the Foxhill Stakes, in which Town and Country's stable companion, Latin Luck, will be carrying top weight of 8 st 13 lb. It is difficult to gauge how good this Homebred colt is. He beat Calibrator by three lengths in a 15-runner maiden event over this course and distance on his reappearance this spring. Subsequently he went to Ascot, where several other runners here, he became bogged down behind Leonardo da Vinci in the White Rose Stakes.

I expect Latin Luck to pose the chief threat to the beautifully bred Stephano, a chestnut colt by Royal Palace out of the

Court Martial mare, Nerissa. Stephano, who has six pounds advantage over Latin Luck, for a hat-trick, which could be with his compass off his current mark.

I do not intend opposing Saved by the Bell in the Chillyre Stakes, despite the claims of Captain Ryan, who is a proven colt. James Hunt, Lester Pigott's mount, a half-brother to the Ascot Gold Cup winner Ermo Hawk, caught my eye when going down narrowly to Wait and See at York last month. He could be a very smart performer in the making.

## NEWBURY

2.00—Peaceful Valley  
2.30—Fine Tale  
3.00—Marakas  
3.30—Hughes Next  
4.00—Stephano  
4.30—Saved by the Bell  
5.00—Locksley

## BEVERLEY

2.45—Abyssinia  
3.15—Moving Star  
3.45—Ribelero  
4.15—Manor Farm Boy

## RACING

BY DOMINIC WIGAN

for Ron Smyth's course winner, Marakas, is a son of the late Bernard van Cutsem's Washington International winner, Karabas.

This powerfully made bay showed his best form on his recent appearance. He comfortably accounted for the favorite, Nation Wide, in a four-runner handicap at Goodwood.

That race was over 12 miles, but I have little doubt that Marakas will be equally effective over this return to 11 miles. It was over this trip and 11 furlongs that the Epsom four-year-

## ENTERTAINMENT GUIDE

THEATRES

ROYAL COURT, 1745, Air Con. Rev. Eve. 7.30. 2nd. 5.00. 3rd. 3.00. 4th. 2.00. 5th. 1.00. 6th. 0.50. 7th. 0.25. 8th. 0.10. 9th. 0.05. 10th. 0.02. 11th. 0.01. 12th. 0.00. 13th. 0.00. 14th. 0.00. 15th. 0.00. 16th. 0.00. 17th. 0.00. 18th. 0.00. 19th. 0.00. 20th. 0.00. 21st. 0.00. 22nd. 0.00. 23rd. 0.00. 24th. 0.00. 25th. 0.00. 26th. 0.00. 27th. 0.00. 28th. 0.00. 29th. 0.00. 30th. 0.00. 31st. 0.00. 32nd. 0.00. 33rd. 0.00. 34th. 0.00. 35th. 0.00. 36th. 0.00. 37th. 0.00. 38th. 0.00. 39th. 0.00. 40th. 0.00. 41st. 0.00. 42nd. 0.00. 43rd. 0.00. 44th. 0.00. 45th. 0.00. 46th. 0.00. 47th. 0.00. 48th. 0.00. 49th. 0.00. 50th. 0.00. 51st. 0.00. 52nd. 0.00. 53rd. 0.00. 54th. 0.00. 55th. 0.00. 56th. 0.00. 57th. 0.00. 58th. 0.00. 59th. 0.00. 60th. 0.00. 61st. 0.00. 62nd. 0.00. 63rd. 0.00. 64th. 0.00. 65th. 0.00. 66th. 0.00. 67th. 0.00. 68th. 0.00. 69th. 0.00. 70th. 0.00. 71st. 0.00. 72nd. 0.00. 73rd. 0.00. 74th. 0.00. 75th. 0.00. 76th. 0.00. 77th. 0.00. 78th. 0.00. 79th. 0.00. 80th. 0.00. 81st. 0.00. 82nd. 0.00. 83rd. 0.00. 84th. 0.00. 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Lyttelton/Elizabeth Hall.

# John Cage

by DOMINIC GILL

IN 1912, the year John Cage was born in Los Angeles, his father, John Milton Cage, established a world undercurrent record by staying submerged in a submarine of his own design for 13 hours, with 13 people on board, on Friday, June 13. He was not interested in the practical implications of the experiment. The act itself, he insisted, was its own justification.

What form should a review of John Cage ideally take—the homage (or irony) of a perfectly blank space? A straight review, its paragraphs shuffled according to chance operations dictated by the I Ching?

"For me composition is not making choices, but asking questions."

Three works by John Cage came to London on Tuesday evening. One of them, an excerpt from Part II of Empty Words, was performed by the composer himself in the Lyttelton Theatre. One of the faces of the idea is absurd: a mix of words, part-

pattern of points of light and silence, delicately coloured by shimmering ghost resonances from a group of bass notes played on a piano.

The special character, and challenge, of the Etudes is their very openness: pianists should find it fascinating, and rewarding, to work out for themselves different schemes of performance—very quiet, very loud, even, uneven, consistent, inconsistent. Miss Saitan gives them boldly, virtually without textual or dynamic variation, and at a fairly constant basic tempo, like a sequence of faded monochrome snapshots. Other performers will doubtless find more interesting ways to present them: two years ago, at the European premiere in London of a selection from the second book of Etudes, Richard Briers gave a more satisfying reading, more patient, delicate and varied. Why not, for example, a group, or one of a group, of the Etudes played *piu piano*—a presto possible—supremely difficult, but I should guess an electrifying effect.

Before studying Zen, men are men and mountains are mountains. While studying Zen, things become confused. After studying Zen, men are mountains and mountains are men. At the Lyttelton, Dr. Suzuki was asked, "What is the difference between before and after?" He said, "No difference, only the feet are a little bit off the ground."

Cheap Imitation was originally written for piano solo in 1969 to take the place of Satie's *Gymnopédie* as an accompaniment to the Cunningham dance. Second Hand—the French copy-right holder had refused permission to arrange the original for two pianos. Cage later arranged Cheap Imitation for an orchestra of 24 to 30 players, and this year, at the request of the Lyttelton, he arranged it for solo violin—in order to do it, I study under Zukofsky's patient tutelage, not how to play the violin, but how to be even more baffled by its almost unlimited flexibility. Cheap Imitation for violin is one of the results of this study. I wrote the notes. The editing is Zukofsky's, though he did it in my presence and often asked me of which of several possibilities I preferred.

The piece unfolds, sometimes muted, quietly, coloured by the sweetest timbre of a quiet violin, a melody, monodically, high and clear. The performance is good. We are, gently, puzzled.

"Unless we do these things, nothing changes."

Greenwich

# The Golden Cradle

by B. A. YOUNG

The title covers a bill of five short plays by some seminal writers of Dublin's Abbey Theatre. They are directed by Siobhan McKenna and, insofar as I am qualified to judge, seem to me absolutely authentic in style. The sets on the open stage are reduced to the necessary minimum, and the excellent company, all but one of them Irish and she an experienced stage-Irishwoman, have the characteristic singing delivery of the Irish in the English theatre today. This is a proper medium for the demi-poetic treatment of the pretty Irish talk used by all three of the writers represented—Lady Gregory, Yeats and Synge.

Lady Gregory, though she evidently had a strong sense of the least interesting of the three. Her little tale of an Irish policeman conned by a wanted rebel into letting him past the cordon sanitaire is no more than a puffed-up bar-room tale, and no doubt owed its production to its time of nationalism and to its author's privileged position.

Yeats is represented by three pieces. *The Cat and the Moon* is a typical piece about beggars at a holy well given the choice of blessing or cure. There is an odd forecast of Beckett about it. *Purgatory* deals with a unker

who knifes his son lest he should grow up like his, the tinker's father; and *The Pot of Broth* tells jolly how a tramp swindles a countrywoman into providing him with a meal by pretending to sell her a magic stone. The final play, Synge's *Riders to the Sea*, is probably the best-known piece of the evening, even if only through Vaughan Williams. Its tale of the old woman who loses the sixth of her six sons after a supernatural visitation is really the nearest to a solid work of art, and with Siobhan McKenna at its centre it provides a moving half-hour.

But the trouble about all three authors seems to be that though they wanted madly to write about the "farmers and potato diggers," they only wrote anecdotes about them and their characters were museum reconstructions. Their plays are of much academic interest, and some sentimental interest. Then, by the grace of God, Sean O'Casey came along and native Irish theatre became a real thing that shows Irish life as seen by the potato-diggers, and the Dublin workers themselves, altered through an alien intellect.

# Jazz on the Thames

A series of Friday evening jazz cruises on the River Thames is being launched on June 23 with the Mike Westbrook Brass Band.

The succeeding Fridays will feature the following groups: June 30 Big Chief with tenorist Dick Rees; July 7, 21, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

Embarkation is from Westminster Pier promptly at 7.45 pm, return at 11. Tickets, sold only in advance, cost £3.75 (students, Jazz Centre Society and 100 Club members £3). The events are being organised by Organ Promotions, part of Organ Records, to whom applications for tickets should be made at 35 Eton Avenue, London, NW3 7BA (4490).

# Suzman, Scales and Kohler at the Open Space

Janet Suzman, Prunella Scales and Estelle Kohler will play the roles of three high-class prostitutes in Philip Magdalan's comedy *Boo Hoo* to be directed by Charles Marowitz at the Open Space, Euston Road, NW1, opening on July 25.

The play concerns the machinations of three ladies of easy virtue who work their way up into the highest social circles and reunite in Miami during an economic summit conference.

# Holland Festival

# Der Kaiser von Atlantis

by MAX LOPPERT

Money was again in short supply at the Holland Festival this year. There had been hopes of staging for the first time *Die Fledermaus* by Johann Strauss (first from the 1830s by Eduard Kailash, d.1944), which had evidently made a strong impression in the 1976 Amsterdam concert performance. That was its belated premiere. In the event, all that could be operationally afforded was a single new production, *Don Giovanni* by Götze Friedrich, and a revival of *Der Kaiser von Atlantis* by Viktor Ullmann (first brought to light by the Netherlands Opera in 1975) in a double bill with Schoenberg's *Pierrot Lunaire*.

The facts of Ullmann's life and death are briefly and painfully told. A Czech Jew born in 1898, he became a Schoenberg pupil in Vienna, and later conducted opera and taught music in Prague. His compositions include a *Pierrot Lunaire*, a piano concerto, and much chamber music. In 1943 he was deported to Theresienstadt; there, with Peter Kien, a talented caricaturist, poet, painter, and musician as his librettist, he wrote *Der Kaiser*. The piece was intended for performance by prisoners and was evidently rehearsed (the roll-call of prominent players and singers must have been considerable), but was banned before its first public showing. In 1944 Ullmann and Kien were transported to Auschwitz, where they died. The opera was thought to have disappeared with them, until in 1974 the score came to light in London. It was edited, and its chamber orchestra scoring completed, by Kerry Woodward, conductor of the Amsterdam premiere and of these festival performances.

The full title is *The Emperor of Atlantis, or Death Abdicates*. *Pierrot* (tenor) sings mournfully of a world now ruled by violence and war, in which no longer has the power to make people laugh. He begs Death (bass) to release him, but Death refuses. Overall, the Emperor (baritone) isolated from his little scene enacted in an emotional, almost hysterical, way, proclaims universal war as the duty of every citizen. Death retaliates by withdrawing his services from mankind; great sufferings and rebellion ensue. Finally, the Emperor begs Death to return to work. Death agrees, fixing as his condition that the Emperor becomes his first victim. A *Finale* clarifies the implied moral.

*Der Kaiser von Atlantis* evokes a complicated response. Judged by normal critical standards, it is revealed as a competent, fluent piece without special interest. The score is put together in number of well-like cut-songs, recitative, aria, dance intermezzo, "Wahnsinnstexte," and so on, whose well-like scoring emphasises a comparable wit of melodic flavour, of dramatically deployed musical irony or cutting edge. Three times the music kindles a more distinctive response to the text: in the lyrical duet for the Soldier (tenor) and Girl (soprano); in the announcement of the Drummer (a mezzo or tenorist); and in the *Finale*, where, chorally, the vocal stanzas emerge clear-cut out of the chugging Hindemithian accompaniment.

But normal standards should not, and in an event do not, apply. If one is moved again and again, for "extraneous"

reasons, above all by meditating in the light of the work's history, on the final apostrophe to death—"Komm, Tod, du unser werter Gast! In unsers Herzens Kammer/Nimm von uns Leiden Leid und Last: führ uns zur Ruhe nach Schmerz und Jammer"—this seems to me just as it should be. The work is a document as well as an opera.

The producer, Rhoda Levine, and her designer, Robert Israel, had devised the staging as a performance taking place inside Theresienstadt, or Auschwitz, or some other place of horror, and the work tended to be over-balanced, while at the same time the symbolism in the text was unnecessarily underlined. (Was anybody in the audience here in danger of ignoring symbolic overtones in the opera, or of forgetting for a single moment its background?) Coupled in this outbreak of Producer's interference were instances of rather feeble sub-Beckettianism in the acting and some rather under-projected singing—the Emperor was inexcusably weak-voiced. I don't believe this production does full justice to *Der Kaiser*, even though the playing of the 15-man orchestra was spirited and accurate. But I am grateful to have encountered it, all the same.

Production was on display with a vengeance at the Amsterdam Studechouweburg, in a *Don Giovanni* disfigured by all the worst features of a Friedrich production, and with very little in the way of redeeming theatrical vitality. The list of the producer's revisions of and accretions to the libretto is long: notably among them a statue that makes no move, a "No mi no longer has the power to make people laugh," that takes place in the cemetery (Anna has arrived there by night to place lilies on her father's monument, and is there discovered by Ottavio, this little scene enacted in an emotional, almost hysterical, way, less of Mozart to have left no music for Friedrich's opera); a final downfall without the descent to Hell—luridly painted monsters doing nightclub dance-routines; *Don Giovanni* off instead.

The list of elaborations to the action is no less long. Through-out the opera, red lightning marks the spot where the Commendatore died, glowing up at Significant Moments like the Grail in Parsifal. There is much super-vention of minor characters ("Batti, batti" is played out before an audience of drunken peasants; much energetic fussing (Anga spends much of her opening scene upside-down); much of that falling about on the floor to suggest a liberated sexuality that has become the most wearisome of contemporary stage clichés. It was all, no doubt, in the service of some heavy-breathing, Technically earnest interpretation (Holland appears to have been spared the pages and pages of exegesis and self-explanation that usually accompany a Friedrich production). Instead, the effect was coarse, clumsy, deeply unmusical, and infinitely tedious.

This, pretentious-provincial Don Giovanni was peopled by a cast of no more than moderate

singers, in which only Gabriel Bacquier's Leporello (despite reduced vocal means), Lillian Watson's Zerlina, and Ellen Shade's Elvira were able to suggest any passing awareness of Mozartian felicity and grace in their music. Edda Moser, the Anna, seems to have developed a dreadfully blowzy, hard-pressed method of vocal emission recently—where is the sweet, full tone of only a couple of years ago? Rudiger Wohlers' Ottavio sang his words as if reading them phonetically on a fast-moving telecine. In the title role, Wolfgang Brendel strained every nerve to make himself the swarming vulgarism Friedrich has wished on the character. Rich deflator of every bar of his music, but though tall and presentable of face and figure, he signally lacks magnetism of personality, and voice—the phrases were square-cut, and choppy uttered. The sets, the familiar Friedrich amalgam of black, metal, and props on tracks, were this time by Andreas Reinhardt. The efficient, uninspired conductor of the Radio Philharmonic Orchestra was Hans Vank.

Though not reflected in the choice of opera, the theme of the 1978 festival is "folk-art and its relations with classical art" (whatever the latter may be). In addition, music-theatre events (Kagel, Cage, Stockhausen) and an enjoyable, heterogeneous mixture of concerts and dance films out the bill. On Saturday evening I elected to go to Rotterdam's splendid De Doelen concert hall, where the Rotterdam Philharmonic was celebrating its 60th birthday by giving a programme of Mozart and Diepenbrock under David Zinman, who next year replaces Edo de Waart as the orchestra's chief conductor. In the *Poshura* Serenade one could hear how much more assured the orchestra sounded on home territory than in its rather hard-pitched Albert Hall concerts during last year's Front season.

Alphonse Diepenbrock (1862-1921), placed by Grove "at the head of the Dutch school of composition then rising," originally intended his *Missa in die festo* for solo quartet, full chorus, men's chorus, and full orchestra. Rebuffs from the performers for whom the work was planned caused him eventually to recast it for tenor, men's chorus, and organ: this concert marked the first performance of the original version as completed by Hendrik Andriessen. A work of noble purpose and large scale, it is limited by the feeling of monotony in the gift of its six movements—everything seems to be in the same *andante moderato*, and in the same 4/4 with triplets likely in the last two beats of the bar.

In his day Diepenbrock was reproached for excessive conservatism. This is less marked than the finally enervating drop of the vocal lines, a sort of cross between Horatio Parker and Delius, and the organ-lost orchestration. The performance, by the orchestra, the Groot Omroepkoren NOS and a male contingent from the BBC Chorus (sounding magnificently forthright in this radiant ambience), and an interesting solo quartet headed by the Canadian soprano Clarice Carson, seemed carefully prepared, and full of festive devotion. It is to be broadcast by the BBC, at a date still to be decided.



Ian McDiarmid, John Carlisle, Frank Windsor and John Woodvine

# Mermaid

# Every Good Boy Deserves Favour

by MICHAEL COVENEY

What an extraordinary piece of music theatre this is! I did not see the only previous performance, at last year's John Player Festival in the Festival Hall, but with a new cast and an ad hoc small orchestra under the baton of Michael Lankester, the happy collaboration of Tom Stoppard and Andre Previn about two inmates of a Soviet psychiatric ward looks set to win the wide audience it deserves.

Alexander (John Woodvine) is an insignificant writer on the fringe of a dissident group whose response to authoritarian persecution is glazed puzzlement and the start of a banner strike. "We've only had one hunger strike before: and that was because of the food." His cell-mate, Ivanov (Ian McDiarmid), EGBDF on his violin before despatching the lad to wander through the musicians' desks reciting "Popa, don't be rigid, be brave and tell lies."

Previn's score is a superb amalgam of Soviet styles, but especially good in the Prokofiev pastiche department. Ralph Koltar's design contains a grimly penitential bed-sit within the plush red of a concert hall, and Trevor Nunn's precise direction balances serious argument and linguistic conceit in appropriately exact proportions. The show only lasts 85 minutes but it says more in that time than a volume of documentary one point visits the doctor, who

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# Festival Hall

# Arrau by DOMINIC GILL

It is the received wisdom (and not wholly without cause) that Claudio Arrau today is no longer the great Beethoven interpreter that he was 20 and more years ago. But it is, too, a wondrous fact—and one of the exhilarating things about music and music-making—that as often as not the received wisdom is wrong. Last night it was proved wrong, merely, but brilliantly, decisively refuted: two performances by Arrau, of Beethoven's fourth and fifth piano concertos, each a marvel of glittering authority, poise and eloquence—the playing of a pianist unmistakably at the zenith of his powers.

In the fourth concerto, as well as glitter, and in the lyrical conversations a generous broadness of line, there was fire: in the shining trills, and in the

bright, pungent rhythms, and energy, proudly sustained, that brought the house cheering to its feet. The orchestra was the LSO, warmed-toned, well-tuned, once or twice inspired—in the adagio of the Emperor one remembered especially one ravishing sonority of muted strings and wind. The conductor was Walter Susskind, quick and attentive, exemplary accompanist.

'The Changeling' at Riverside Studios  
Peter Gill's next production at Riverside Studios, W6, will be *The Changeling* by Thomas Middleton and William Rowley. Written in 1622, this Jacobean tragedy was last seen in London at the Royal Court Theatre in 1961 and will open on August 29, closing on October 1.

# SAFIC

Directors: S. Boskoff (British) (Chairman and Managing Director); K. Gross; J. Mincer; L. Mincer; D. H. Shapiro; N. Werksman.

# Saker's Finance and Investment Corporation Limited

# Audited preliminary profit announcement

The group's trading results have recovered to a reasonable level, considering the prevailing conditions in the motor industry during the financial year. As will be seen from the figures below, sales in Rand terms were marginally lower than last year, but the net operating profit before tax and interest improved by R370 000 (10.7%). As was expected, there were material savings in interest and amounting to R668 000 (27.0%). Another important factor was the control of operating expenses excluding interest, which only increased by 0.5% over the prior financial year. Earnings for shareholders improved by R376 000 (32.4%), albeit from a relatively low base.

The balance sheet reflects a significant improvement in the group's liquidity as a result of sound asset management and the decision of the board to divest from its investment in hire purchase finance and vehicle leasing. The decision to divest was taken because this investment was not producing an acceptable return on the assets employed and as a result was depressing the group's overall return on assets. The full benefits of this decision will be realised in the forthcoming year. The substantial improvement in the liquidity of the group provides a new and lower base from which the group can develop and improve its return on net assets in the future.

Your board has declared a dividend of 4½ cents per share in respect of the year ending 31 March 1978. Annual reports will be mailed on or about 30 June 1978.

# Consolidated group profits—year ended 31 March 1978

	1978 (R'000)	1977 (R'000)	Increase/ (Decrease) %
Turnover	116 490	117 349	(0.7)
Net profit before tax and interest	3 802	3 432	10.7
Less: Taxation	1 674	1 595	4.8
Attributable earnings	2 128	1 837	15.8
Less: Interest after taxation	176	210	(16.2)
Interest	2 304	2 047	12.6
Less: Taxation	1 007	1 320	(22.7)
	1 799	2 465	(27.0)
	792	1 145	(30.8)
Interest of outside shareholders and preference dividends	1 297	727	78.4
Normal earnings for ordinary shareholders	514	320	60.6
	783	407	92.4
Per ordinary share			
Earnings (cents)	16.36	8.50	
Paid (cents)	4.50	—	
Number of shares in issue	4 787 030	4 787 030	

**Declaration of ordinary dividend in respect of the financial year ended 31 March 1978**  
Notice is hereby given that ordinary dividend No. 42 of 4½ cents per share was declared by the board of directors on 5 June 1978 in respect of the financial year ended 31 March 1978. This dividend is payable to shareholders registered at the close of business on 7 July 1978. The share transfer register and register of members will be closed from 8 July 1978 to 14 July 1978, both days inclusive.

Dividend warrants will be despatched on or about 31 July 1978. In terms of the Republic of South Africa Income Tax Act of 1962, as amended, non-resident shareholders' tax of 15 per cent will be deducted from dividends payable to shareholders whose addresses are outside the Republic of South Africa.

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5 June 1978

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Der Kaiser von Atlantis

# Richmond Theatre

# Theatre Ballet of London

"The gems from the classics" view of touring ballet is not one with which I have much sympathy. If the regions are to see the standard repertory it must be decently presented and more than decently danced; it does ballet itself a gross disservice to offer shrunken approximations of 19th century works, with performers unreasonably stretched in choreography too searching for their abilities. The continued demand for the traditional favourites—and an infinity of Swan Lake and Coppelia would keep many a provincial theatre permanently full—must only be met by presenting these sacred monsters at their very best.

In this week's programmes at Richmond several guest artists are appearing. Maria Guerrero and Peter Maliek bring a welcome technical sparkle to *Le Corsaire*, and better still, Miss Guerrero dances with Robert North in the latter's *Reflections*. This is an emotional and well-argued duet which has the added advantage of being set to the adagio from Howard Blake's

penny numbers—and allowing audiences to suppose that they make much sense as examples of classical ballet. With the best will in the world I cannot feel that this company is a standard as yet to sustain much criticism: the dozen hard-working dancers who bustle about to recordings of tried and true favourites offer distinctly meagre artistic fare.

CLEMENT CRISP



## FINANCIAL TIMES

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Thursday June 15 1978

## Sound and fury

A FULL-DRESS confidence debate on four years of the economic strategy might suggest that we had just reached some great turning-point in our economic affairs, rather than the resolution of a relatively minor crisis in the market for Government stock: but a Chancellor's record must be judged on the performance of the economy, and the rhetoric in the House of Commons yesterday was built on far too little evidence to carry much conviction on either side. The basic position has been clear for some months. The balance of payments and the value of sterling are now underpinned by North Sea oil, and thanks to this unpolitical contribution to the economy, a fairly rapid recovery in real incomes has been possible—rather more rapid, in fact, than can be sustained or than the Government would have wished. This rising income is supporting a sharp recovery in retail sales. Everything else is doubtful.

## Competitiveness

That exclusion unfortunately embraces nearly every useful indicator of our future economic performance. This depends crucially on the competitiveness of British industry, both at home and abroad. Production and investment are sharing in the general recovery, but it is far too early to judge whether they are sharing adequately. The trade figures are more than usually obscure, distorted not only by volatile items but by the effects of a docks dispute. The Chancellor did his bit more than three years ago to enable industry to finance its operations in an inflationary age through stock appreciation relief; he has recently followed Liberal advice and taken back some of that benefit through national insurance. However, many of the main determinants of performance—confidence, imagination, labour relations—are quite outside his sphere of influence.

Indeed, one can say that while no Chancellor can contrive a growth rate higher than industrial performance will deliver, he can place obstacles in the way of industry: in collecting the money to support the public sector, he is the administrator of a necessary evil. In financial management—the funding of government debt, the dilemmas posed between monetary policy and exchange rate stability—he can only try to avoid unnecessary lurches.

Mr. Healey originally stood for high taxes and high expenditure, and the damage done to the private sector by the unchecked growth of public spending in the years up to and

including 1975 is severe. Mr. Healey, however, is one of the rare Chancellors who has remained in office long enough to reverse some of his own mistakes. The growth of spending was checked very sharply, and even in the present year of rebound, is only rising in real terms roughly in line with national output.

The Chancellor can certainly not claim to have avoided financial crises. The instability of both interest rates and of the exchange rate has damaged confidence and made planning difficult. We have persistently criticised the technical means used to execute monetary policy, which have done much to produce these results. Perhaps the most that can be said in the Chancellor's defence is that the Opposition have so far contributed very little to the discussion of the essentially technical and non-political issues involved.

The most recent crisis has been caused as much by distorted figures as by the market's justified worries about the size of the public sector borrowing requirement. We have criticised Mr. Healey for running risks through mis-timed fiscal stimulus, and some rise in interest rates is the price of that error—though the current level of rates is simply the peak of a market cycle. What will only become clear with the passing months is the weight of private credit demand. If it proves heavy, the Chancellor's strategy—broadly endorsed in terms of fiscal balance by the Opposition—will lead to trouble: but if improved cash flow and real incomes limit credit demand, as was the case in the U.S. recovery, the problem will be manageable.

## Trivialities

The really important questions about Mr. Healey's strategy cannot, then, be answered at this stage, so the debate necessarily centred on relative trivialities. It is absurd for the Chancellor to accuse the Opposition of gross irresponsibility in cutting taxes further, and especially higher rate taxes: were he as good as his industry: in collecting the money to support the public sector, he is the administrator of a necessary evil. In financial management—the funding of government debt, the dilemmas posed between monetary policy and exchange rate stability—he can only try to avoid unnecessary lurches.

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## Tinkering with problems of London's industrial decay

By JOHN BRENNAN and DAVID CHURCHILL

A FURTHER stage in the now fashionable drive for inner city renewal was marked by Tuesday's policy statements by the Greater London Council, outlining plans for an £855m road improvement programme and rent and planning incentives to draw industrial jobs back to the capital. But already these plans have been criticised as being too little and too late to reverse the decline of London's manufacturing base.

In 1961 a fifth of the working population in England and Wales worked in Greater London. By 1975 the proportion had fallen to 18 per cent, or 3.9m people. And over that 15-year period the proportion of manufacturing jobs in the declining workforce fell from 32.6 to 22.2 per cent. Without a radical change of policy the GLC's Industry and Employment Committee has given a warning that a further 300,000 jobs will be lost to the capital by 1981, most of which are in the industrial sector.

The GLC hopes to reverse this steady drain of industrial jobs by improving road communications and by rivaling the incentives available to firms employing labour in the development areas.

Its road plan is welcomed by the London motorist associations, attacked by the Labour Group on the council as a programme that will sacrifice the capital's public transport to the private car, and rather sadly dismissed by industrialists and road freight operators as only a small step towards a solution to the problems of traffic congestion.

The Movement for London Committee, which represents the Confederation of British Industry, the motorist organisations and the major road freight federations, estimates that there will be between 500,000 and 1.25m more motor vehicles fighting for space on London's roads by 1980, in addition to the 1.8m in London now.

And the GLC's new commitment to roads, with expenditure increased from the £66m of the past five years to £155m between 1978 and 1983 rising to £280m and £420m in the succeeding quinquennia, can only hope to keep road improvements in line with this traffic growth.

Under the present system of road financing there is simply not enough cash to make a radical improvement to the road network even if full acceptance of the road lobby's case were politically feasible. And the abandonment of the inner London motorway plans proves that it is not.

Lord Porchester, chairman of the South-East Economic Planning Council, recently argued that industrial development in the capital was being stifled by the lack of adequate roads and that improvements in the system were blocked by the division of responsibility for roads between the Government and the GLC. Unlike Manchester or Birmingham, where the inner trunk road links were developed directly by Government finance, in London the North Circular Road falls under the wing of the Transport Minister, but the South Circular Road, and indeed all roads within the old London County Council boundaries, are the responsibility of County Hall. This structural anomaly stands in the way of a co-ordinated road programme. But then the whole concept of road improvements begs a number of "chicken and egg" arguments.

Industrialists want better roads, but under the present system these necessarily involve a transfer of resources from public transport. A further deterioration of London's public transport system would inevitably make it more difficult to keep, let alone attract, skilled labour to London.

At the same time local authorities are increasingly reluctant to permit road or industrial schemes which encroach on residential areas. Although no one plans a new wave of dark satanic mills throughout Suburbia, there has been a basic conflict between the needs of industry and the housing preoccupations of most London councils.

The fact that without industrial or office schemes these councils may eventually have neither the rate income nor the local working populations to support ambitious housing schemes merely adds a further twist to the dilemma facing the capital's planners.

The politically equivocal attitude towards roads in the capital leaves the GLC's new



Urban decay and renewal in the shadow of London's M40 Westway fly-over.

proposals for industrial development incentives looking rather lame.

Essentially, the plans involve a marketing drive to draw industrial developers and employers back to Central London with offers of rent-free periods of up to three years for new projects on council-owned land, concessionary rents on certain industrial schemes, and a far more flexible approach to planning controls. The GLC is also to renew its campaign for the ending or further relaxation of the Industrial Development Certificate system, a hangover from the days when governments actively blocked developments in the South East as part of their job relocation programmes.

The GLC's proposals iron out many of the planning constraints facing firms willing to set up, or expand within Central London. But because of regional aid programmes, London's planners still have to compete for new employers against far more attractive industrial incentives available elsewhere in the country.

The London Chamber of Commerce recently underlined this problem in a special report on the capital's economic problems. The Chamber commented that "London is still viewed as a millstone in the rest of the country," in spite of local unemployment rates that rival any of Britain's traditional blackspots.

London's image as a basically wealthy city, not in need of special aid, appeared in last month's Commons debate over the GLC (General Powers) Bill, when Parliament voted to cut the range of powers called for

to deal with the problems of unemployment and population drift.

These problems include a population declining at the rate of 100,000 a year, while jobs in industry are being lost at an even greater rate—nearly 5 per cent a year. About one factory or warehouse in five lies empty and unemployment is over 15 per cent in some London areas. On top of this much of the capital's housing stock was built before World War I, with about 350,000 houses still officially classed as falling below minimum acceptable standards.

It is little wonder, therefore, that County Hall has a slightly jaundiced view of groups which claim that their regional problems are greater than those of London.

Yet to a certain extent, London has only itself to blame. Many of its present problems result directly from serious errors of judgment by both central and local government since 1945. Fears that London would become excessively urbanised and industrialised, in 1945, to strict controls on new industry in London as well as attempts to steer companies out to the provinces. In addition, the Greater London plan in the same year created the "green belt" and established the idea of encouraging large numbers of people to move to "new towns" well away from London. Unfortunately these and other measures designed to prune the seemingly inevitable growth of London proved too successful as the decline in the working population shows.

Between the early 1960s and mid 1970s, London lost about a third of its manufacturing jobs.

Location of Offices Bureau in resiting companies away from London and virtually founded the death-knell to future expansion of the new towns.

In place of these "engines of exodus" the Government has adopted a short-term strategy of providing special help to regenerate the inner cities and, long-term, to encourage local authorities to do more to prevent such decay taking place again.

Help for London is being made available by the Government in two ways. First, there is the concept of "partnership" areas as a means of identifying those areas most in need of help. Thus the docklands area of London, the adjacent London boroughs of Hackney and Islington, and Lambeth are three of the seven partnership areas designated by the Government. These areas are drawing up a three-year programme for action to start in the 1978-80 financial year. The existing urban programme's allocation of £30m a year is to be increased to £125m a year. The second means of help is the Inner Urban Areas Bill which is going through its final stages in the Commons.

The Bill will empower local authorities to make loans at commercial rates for land purchase as well as construction and installation of services, of up to 90 per cent of the value of the land and buildings. In addition the Bill will establish Industrial Improvement Areas where local authorities can give grants or loans for environmental improvements or for building complexes to provide new jobs.

In specific partnership areas, local authorities will be able to give grants towards rents and to help companies taking on leases not owned by the local authority. And interest free loans for up to two years will be available for bringing inner cities back into use.

The London Chamber of Commerce, however, goes further and suggests that inner London be designated as an assisted area for a limited period of ten years.

In the end, the problems of regenerating London are too vast to be dealt with by local government alone. County Hall does not have the powers to reverse the national planning policies that have accentuated London's decline, nor does it have the cash resources fully to counter the effects of that policy. Although the Inner Urban Areas Bill does recognise the problems of declining cities its benefits will be spread nationally. And it is difficult to see how London will be able to wield the political influence necessary to attract sufficient additional central government support to move beyond the stage of tinkering around the edges of the capital's problems.

This loss was seven times the national average and meant that many skilled workers were forced away to find work, thus creating skilled manpower problems for companies left behind.

But the jobs loss failed to achieve the Government's aims of moving both work and workers to areas in need of new industry. Half of it was the result of companies closing down altogether and another quarter by companies cutting back on staff. The result of this industrial decline was unemployment rates well above the national average in certain areas and among certain groups—especially the young and coloured population.

The Department of Employment does not publish a breakdown of statistics for London Boroughs. But unemployment in many of these is well above the 5.4 per cent average for London as a whole. Poplar, for example, has an unemployment figure of almost 15 per cent. Many other areas, according to Job Centre figures provided to the GLC, also have figures much higher than the average—Stepney 13.9 per cent, Deptford 13.6 per cent, Holloway 9.8 per cent, Fulham 9.9 per cent, and Bermondsey 9 per cent. And the figures fall into perspective when it is considered that there are now more people unemployed in inner London than in the whole of Wales.

London's problems, however, have not gone unrecognised. Since Mr. Peter Shore took over the job of Environment Secretary just over two years ago, he has attempted to reverse the "engines of exodus" which have caused London's problems. Thus he has put the brakes on the highly successful

## Competition in air fares

THE U.S. Civil Aeronautics Board's proposal to withdraw U.S. airlines from the International Air Transport Association's fares agreements would appear to be the final body blow to IATA's role as a price-fixing body. It comes as IATA is itself about to discuss the report of an internal committee proposing a fundamental restructuring of its fare-fixing activities. What the CAB is in effect saying—particularly to airlines which may be averse to change—is that, radical though IATA's own ideas may be, they do not go far enough to satisfy the U.S. civil aviation authorities.

The IATA reforms, which were drawn up by a five-man committee of airline chairmen and chief executives, would provide considerable scope for competition in both price and service by making participation in the organisation's fares conferences optional rather than compulsory and by abandoning most of the rules which now govern the kind of in-flight service members can offer.

The IATA meeting at Montreal at the end of this month to discuss these changes is likely to be a contentious affair for the prospect of open competition is more than some airlines—and governments—can stomach, while the committee's proposals are the barest minimum some of the bigger carriers, such as Pan American and British Airways, are prepared to accept if they are to remain in the organisation. The chances of the proposals, or something like them, getting through have therefore been considerably improved by the CAB move.

The threat to IATA's cartel activities has been building up for some time and can be traced to the marked changes in the market for air travel. Airlines responded to the growth of

tourist and student traffic—and of non-IATA charter airlines—by progressively adding to the multiplicity and complexity of fares structures designed originally to cater for business travel. The final blows were the introduction of the Laker Skytrain service last year, the growing awareness on the part of some governments of the "consumer interest," and—perhaps most of all—the determination of the U.S. authorities to bring about a more competitive climate.

The attitude of the U.S. authorities has to be seen in the wider context of their changing views towards regulatory policy in transport generally. Internal air services in the U.S. have already been substantially de-regulated and a similar approach is now being applied to the U.S. trucking, or road haulage, industry. International liner shipping conferences have of course long attracted the attention of the U.S. anti-trust authorities but here the position is more complex. The U.S. merchant fleet is competitively far weaker than the U.S. airlines: it carries only 5 per cent of U.S. seaborne trade and, as in many developing nations, there is considerable U.S. support for a system of cargo preferences for defence as well as employment reasons. Moreover, the shipping conferences are being pressed hard by the rapid build-up of the Russian maritime fleet.

The end of the air fares cartel on the North Atlantic and elsewhere will not lead to totally free competition. Governments have national flag carriers, many of them State-owned, as well as the consumer to protect. But the presence of effective competition in price and service is by far the best guarantee of the consumer interest and should reduce the need for regulatory intervention on at least the busier routes.

## MEN AND MATTERS

## Scooping francs in green fingers

Locust clouds of financial journalists have descended upon Paris for the meeting of OECD ministers, but it was the really important happening which drew me to the French capital. I refer to the exhibition of gardening equipment behind the residence of Sir Nicholas Henderson, our ambassador. Although Britain may be having trouble in exporting motor cars and textiles, take comfort that we are doing great business with hedge trimmers, plastic-covered rose trellises and lawn mowers.

France has become a prime market. There was a sense of sylvan euphoria as I strolled with Sir Nicholas amid the astounding scene in his back garden, hardly a flowerpot's throw from the Elysee Palace. More than 40 British firms have set up shop on the ambassadorial lawn. His Excellency, himself a renowned gardener, never flinched as a man from Stanley Tools stabbed a forest of shears into the grass. Elsewhere, final nails were being hammered into a summerhouse; formidable stacks of fertilisers, all labelled in French, awaited the hundreds of wholesalers and garden-centre owners invited to the show; and 73-year-old Harold Hillier of Winchester, doyen of British nurserymen, surveyed his glowing display of shrubs and plants.

Hillier handed me his price-list, starting (at two francs 70 centimes) with Abutilon megapotamicum "Variegatum." Definitely a show for the cognoscenti—but one lawn-mower firm took £500,000-worth of orders after last year's inaugural promotion. "The French have become a nation of gardeners," Sir Nicholas said. "A lot of them have second homes nowadays." But why do



"I'm going to complain to the Foreign Office!"

they buy garden equipment from the nation of shopkeepers? Aubrey Carroll, an exhibitor from Liphook in Hampshire, who specialises in garden arches, said cheerfully: "The French manufacturers are 15 years behind."

In one corner was a ready-made pond, adorned with a plastic nymph and a frog that blew water out of its mouth. I thought Sir Nicholas viewed that exhibit with a gentle disdain. Perhaps he recalled an article by some wretched intellectual in Le Monde after the 1977 show, mocking the English for exporting garden gnomes. We can take it. Yesterday the sun shone and the orders were blossoming.

Having emerged from the embassy shrubbery, I collected a tithbit from the OECD. The man most likely to succeed to

the job of president of the 24-nation Council of Finance Ministers is 40-year-old Dr. Hannes Androsch, Austrian Vice-Chancellor and Finance Minister. After almost certainly being elected in Paris today, he will fly to London for talks with Denis Healey and Harold Lever.

Androsch has held Austria's purse-strings for more than eight years and wants a change of interest.

The post he had half coveted of president of the Austrian National Bank went to the articulate Opposition spokesman on economic affairs, Stefan Koren. Androsch wryly said: "It's like making love to Sophia Loren. If there's no possibility, you don't even think about it. I knew my own Socialist Party had other plans for me."

## Milord flies out

I strolled around to the rue du Colisée, just off the Champs Elysee, in the hope of chatting to Lord Brooke. But the man whose name makes the British art establishment shudder apparently feels that Paris is too close to home just now.

While the National Gallery leads the last-ditch fight to save for Britain a £250,000 Canaletto of Warwick Castle, Brooke's family home, he has flown off to Idaho. I am told he will not be returning to Europe until September. From Idaho he will go to Bermuda for the summer, well away from criticisms of the manner in which he has already sold off more than £2m-worth of art treasures from the castle, and more in the pipeline.

Brooke has made it plain to friends in France that he intends to keep on disposing of the castle's contents—including pictures by Van Dyck, Rubens and Kneller—when the

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Observer



## ECONOMIC VIEWPOINT

## The negative virtues of Denis Healey

IN A lecture to a Chicago audience earlier this year I stuck my neck out by saying that British Governments had turned their backs on budget deficits financed by excess monetary growth—because of the repeated evidence that such growth merely knocked sterling without stimulating output. On the other hand, the real problems of slow growth and high unemployment were still very much with us and had indeed been aggravated by recent policies.

The readiness of the Chancellor to tighten credit and raise taxes in the run-up to an election, at the first signs of runaway monetary growth, vindicates my optimism on the first point. But the particular way in which he has chosen to close the fiscal gap also vindicates my pessimism on the second. Labour Ministers righteously repudiate monetarism and embrace policies for improving grass roots performance. Yet in practice they have been pretty good monetarists but terrible microeconomists.

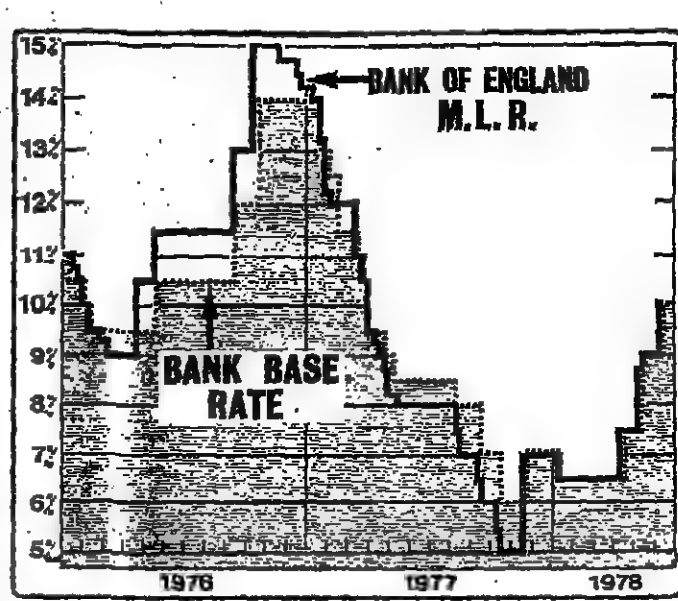
An example is the National Insurance surcharge on which Mr. Healey has been trying to have it both ways. Either the surcharge will be passed on in prices in which case it will be no different from an increase in VAT or other consumer taxes, or it will be absorbed by employers. In the latter case it will act as a tax on labour and discourage employment. If—as is likely—it is partially passed on, there will be some increase in prices and some induced unemployment. There is no miraculous way in which it can raise revenue without doing one or the other or a mixture of both.

The adverse effect on employment is similar to that arising from a successful bid by unions to increase real wages which prices their workers out of jobs. Interestingly enough, an abortive proposal for a surcharge on employers' contributions first appeared in the late Mr. Selwyn-Lloyd's 1961 Budget—when it was regarded as a remedy for labour shortage.

There is also the effect on the Industrial Strategy. The latter seems to consist of paying out to companies through the Department of Industry backdoor, cash which has been taken away via the Treasury front door. Policy becomes even more schizophrenic when taxes on employment are combined with employment premia under job creation schemes.

What would I have done? No hindsight is required. The indexation of the personal tax allowances, of the starting point of the higher rates and of the specific duties has been consistently urged in this column.

Thanks to Parliamentary initiative Treasury Ministers have been forced to accept the indexation of the allowances; but Ministers have never even proposed the indexation of the specific duties, as a quid pro quo.



The Bank of England fears that a change to more direct methods of controlling the money supply would increase the volatility of short-term interest rates.

election an "estimating change" would probably have sufficed.

**POLICY MISTAKES** usually have much deeper roots than technical errors in implementation; and technical gimmicks are too often welcomed by politicians in an attempt to avoid real choices.

Yet the present method of controlling the money supply is one of the exceptional cases where technical failures really are to blame.

Indeed periodic crises are part of the system. Draconian increases in short term rates, and tough gestures in other spheres, are required to convince the financial markets that a turning point has been passed. From then on the expectation of falling interest rates and the Government is able to "fund"

by the Cambridge University Press).

Like most promising proposals, this one is basically simple. A proportion of clearing bank deposits with the Bank of England would be reclassified as Reserve Deposits (RDs). Other banking institutions would also be allotted RDs which they would acquire through sale of Government securities.

The authorities would set a ratio of RDs to bank deposits and deviations from this ratio would be subject to financial penalties. The Bank of England would control the money supply by conventional open market operations. If for instance it wished to reduce the money supply it would sell Government securities to people and institutions, who, when they wrote their cheques in payment, would be reducing the deposits of their banks with the Bank of England. The latter institution would immediately debit the banks' RD accounts by the amount of the security, thereby leading to a multiple contraction of deposits.

This is basically a cash ratio system with modifications. One of these is that variations in public holdings of notes and coins would not have a multiple effect on the money supply, as they would under a pure cash ratio system. The other is that the Bank of England would be able to make an extremely close estimate of the money supply on a week to week basis, simply by looking up the number of RDs outstanding in its own books, and multiplying them by the reciprocal of the proposed reserve ratio.

Like any cash ratio control, the Duck-Sheppard scheme would divorce monetary from fiscal policy and make the Bank and Treasury separately

accountable. An excessive Government deficit would still increase loan demand and push up interest rates, but the precise method of Government finance would no longer be crucial for monetary policy. In particular the issue of Treasury Bills attract any buyers.

The main short to medium term effect of exchange rate changes is on the profitability of countries' international trading sectors. Contrary to the belief that exchange rates have not worked, the table shows a dramatic shift in relative profitability in the right direction. The chart for an illustration of this is demonstrated in the

Exchange rates can for a time be shifted from their underlying paths by events such as changes in portfolio preferences by reserve holders, or by North Sea developments or American oil imports. But such events can have a lasting influence only if they in turn affect relative rates of monetary expansion in the countries concerned.

This is important in relation to European monetary union for which I expressed some qualified sympathy a few months ago. What I had in mind was mainly the development of a Europa as a new international trading currency, an alternative to existing national ones. There is also something to be said for the gradual harmonisation of national monetary policies to reduce differences in underlying inflationary rates, and thus reducing exchange rate divergences by an indirect but sure road.

If, however, monetary union is to mean forcing exchange rates back into the snake—or into a constrictive new version known as a box—by means of official intervention, then the result is likely to be capital and trade restrictions, followed by forced devaluations, as in past such attempts.

If the newly disinterested central bankers dislike for floating rates is to mean pressure on the U.S. to "do something" about the dollar, then the result could be more painful still. Too many people have forgotten the U.S. import surcharge imposed by the Secretary of the Treasury, John Connally, in 1971, which nearly resulted in a trade and currency war. It is not world currency problems which should alarm us, but their proposed solutions.

**"LARGE CHANGES** in nominal exchange rates have usually been associated with small changes in real rates and therefore with only small changes in competitiveness." These remarks of Mr. Gordon Richardson in Berner this week are illustrated in the table.

**EXCHANGE RATES AND COMPETITIVENESS**

(% changes March, 1973 to May 15, 1978)

Currency	Nominal effective exchange rate	Real rate adjusted for manuf. prices	Real rate adjusted for labour costs
Sterling	-32.0	+4.2	+0.6
U.S. Dollar	+1.7	-2.5	-16.6
Yen	+16.8	-4.1	+29.1
Mark	+30.0	+2.4	-2.0
Fr Franc	-8.8	-2.8	-0.3

Sources: World Financial Markets, May 1978, Morgan Guaranty, New York

the great stability of interest rates under existing methods. Maybe the Bank experts do not sufficiently distinguish between the loss of day-to-day control over short-term interest rates, which is one thing, and volatility in the movement of rates, which is another.

Unfortunately, there is a danger of wrong conclusions being drawn from such data. It is

right hand column for the two countries with a major current account imbalance, the U.S. and Japan. (A negative sign means greater profitability in the trading sector.) Little change is shown for the UK and Germany; but the UK is so far this year almost in current balance. The May trade figures notwithstanding, while the German surplus makes an extremely small contribution to world imbalances, Exchange rate changes do affect comparative inflation rates, and by far more than most economic forecasters would admit. But exchange rate changes do not just happen, but in turn reflect different national rates of monetary expansion in relation to the growth of productive capacity.

Samuel Brittan

## Letters to the Editor

## Education in engineering

From the Secretary, The Institution of Mechanical Engineers.

Sir—The letter (June 8) from the Pro-Vice-Chancellor of the University of Bradford on the introduction of extended degree courses in engineering is timely and welcome. The Institution of Mechanical Engineers, which has tried to keep in close touch with developments from the outset, is very concerned at the possible implications of what is now being introduced; I use the word "tried" deliberately because there has been very little consultation with the profession.

The Institution believes that, given good entry standards, three years of academic study is sufficient to reach an Honours level in Mechanical Engineering and at the same time cover the basics of non-engineering subjects like accounting, economics and communications. The majority of mechanical engineering courses acceptable to this Institution already do this. Such a three-year degree, plus a further two years of training, preferably integrated, in the practice of engineering, is we believe, the ideal formula. We do not support the view that an extension of the academic period is justified in order to include a larger proportion of non-engineering subjects which are best covered after the engineer has spent some time in a real engineering situation.

The aim of academic and practical training at first degree level should be to produce an engineer who is broad based and sufficiently competent in the basic skills to make a useful contribution in the shortest possible time. It is neither desirable nor indeed possible to cram complete education for life into the first degree course. What is needed is a dramatic change of attitude towards continuing education.

On present evidence, the Institution is unlikely to accept any higher status to the new courses in relation to its membership requirements and in its extensive contacts with schools and careers advisers will continue to promote the three-year degree combined with two years of practical training as the ideal. I must emphasise, however, that the Institution is very much in favour of experimentation leading to sound developments in engineering education and training, but feels unable to support the latest initiative.

Alex McKay, 1, Birdcage Walk, SW1.

## Battle over EEC textiles

From the National Office, Association of Technical and Managerial Staffs.

Sir—Although your informed article (June 12) on the looming battle for EEC textiles makes good reading, there are I believe a number of factors that are not known to the general public, and in some cases have not been made known by many of those who attended the recent Textile Conference at Heathrow.

I believe it is true to say that the European Commission and in particular Viscount Davignon, although deeply involved in the recent Multi-Fibre Agreement, were only responsible for the recent agreement because of the damaged attitude taken by the Governments of both this country and France, and the trade unions of those countries concerned.

Once the MFA was agreed those involved in the industry hoped that the industry would enjoy improved productivity, and be able to compete in the market of the 1980s, and while this situation was being brought about, the Commission would marshal the MFA.

We now find ourselves in a position where the Commission has made a deal with Europe without consultations or even agreement of the member states. Prior to this the Commission, again in agreement with the manufacturers, reached an understanding concerning production levels of man-made fibres which will itself bring about further unemployment. Again, member states were not involved in the discussions, and were only advised of the outcome.

If the UK textile industry is pressing the EEC Commission for assistance for analysis in the individual sectors of the industry, perhaps we should accept that so far as the textile industry in this country is concerned there are three partners: the employer, the employee, and the Government. We who do have given considerable public funds to this industry, and if any one party seeks to fail, the industry is doomed to failure.

Your quote concerning the new Carrington Viscella spinning mill at Abertillery does highlight the growing problem of investment raising further unemployment while bringing about higher productivity, which at the moment is higher than the national average. Both the Commission, the Government and the employers will fail unless a joint plan involving all parties, both on a UK and to some degree an EEC basis, is accepted, and not a Commission dictate.

Roger Beson, East Road, Longsight, Manchester.

## Producing oil from coal

From the Head of Economic Assessment Service, NCB International Energy Agency Services.

Sir—Mr. Whalley (June 2) is quite right to refer to 1980s Germany and British experience in producing oil from coal but wrong to assume that current interest ignores it. At ICA Coal Research, we have a collaborative programme with several countries (including the U.S. and Germany) which shares insights and experience in the economic analysis and development of new processes compared with old. Mr. Whalley's figures alone indicate that the ratio of coal cost to synthetic gasoline cost would be roughly halved by current development and that ignores the likely value from use of lower grade by-products from the newer processes. The increased sale envisaged for the newer processes is an additional benefit to their economies.

Manufacture of hydrogen is indeed a necessary concomitant of any refined coal liquefaction process and a recent report from the EEC from the value industry indicated "in various of free hydrogen" in various coal conversion processes. Nuclear power might be one source of hydrogen but it will not be cheap. A recent UK report suggests that with coal at current UK prices it would be roughly twice as expensive to produce hydrogen via electrolysing than to produce it from coal gasification (\$10 compared with \$5.40 per million BTU of hydrogen production). The availability of

a chair by-product from solvent extraction processes is an added reason for choosing a carbon water splitting route to obtain hydrogen. It is interesting that present day German interest in gasification of coal using nuclear heat considers direct heating of the coal gasifier as a specifically better route than electrolysis.

Even so, the economics of a nuclear process do not seem specially favourable, unless optimistic assumptions are made about heating performance in the gasifier, with much higher coal cost than currently foreseen in the UK. Problems of coupling nuclear heat with the coal gasifier also tend to be minimised by protagonists of nuclear gasification.

As Mr. Whalley says, these programmes are long term of their nature, but a fair amount of thought is being put in at present and international views of the past as well as the present are not being excluded.

A. Baker, 16/15, Lower Grosvenor Place, SW1.

## Distribution strategy

From the President, The British Transport Officers' Guild.

Sir—This, the smallest of the four railway trade unions and representing management staff, strongly supports the points made by your correspondent in the article published on June 6 (Management Page).

There is little doubt that distribution problems have not been given the serious consideration they warrant. This has resulted in a very high price being paid in economic and environmental terms for alleged convenience and the avoidance of having to think about a distribution strategy.

It is to be hoped that company chairmen who have not already done so will take the example of Monsanto to heart. They should ascertain how their existing distribution systems work, why they are doing it that way, what they are costing what they want them to cost, etc. An objective appraisal along these lines would introduce a professional approach into an area of logistics that has had more than a touch of the enthusiastic amateur for too long.

Henry Raydon, Room 307, West Side Offices, Kings Cross Station, N.1.

## Tax cutting rhetoric

From Mr. N. A. Blitch.

Sir—I take it as axiomatic that most of us would wish to see, before long, an era of much lower taxes, with a good many existing taxes abolished altogether. What is much less appreciated, is a proper regard as to what any substantial cutting back on tax revenue implies. A considerable proportion of taxation represents a compulsory levy by the public sector on the incomes and capital of the private sector, whereby the stipends of the farmer are kept at levels that they have become accustomed to demand as a constitutional right. The public sector is now the most efficiently organised of collective extortions whose political weight prevails in the councils of the TUC. Its members' jobs and enhanced remuneration can only be guaranteed to the extent that a well organised public sector "persuades" local and central

government to force out of the pockets of the rest of us, the revenues needed to pay the water, electricity, gas, and other public sector wages and salaries. This legalised extortion also has to meet the cost of those services no longer being provided, that is the payment of inter-linked pensions from the proceeds of other people's taxed income.

Unless radical changes are made to the magnitude of the public sector expenditure, heavy taxation will continue, either by resort to the printing press, or by the continued plunder of private sector incomes to meet these open ended expenditure commitments.

It is no argument in defence of the public sector to state that their members also pay taxes. A highwayman who robs you of £100, returning to you £35 so that you might not starve (with something left over for your return journey home) cannot be said to have behaved particularly generously in having deprived you of only some two-thirds of the contents of your wallet.

Tax cutting rhetoric may be fun for competing politicians buying votes with the electorate's money. The problem is much more serious and fundamental: the public sector needs a drastic pruning. When that has taken place, lower taxes will follow—as daylight follows the sunrise.

N. A. Blitch, 6, Rushmore Road, SW15.

## Rewards of productivity

From Mr. Michael G. Moon.

Sir—With reference to Ruth Kesteven's letter (June 8), "The rewards of productivity," our experience seems to support much of her academic research. What is not too clear from her letter and forecasts is the current trend in the distributive and services sectors.

Higher productivity will indeed depend on increased efficiency, but this is likely to come through greater use of technology. In the distributive and services sector the emphasis is on the white-collar worker—an expensive investment rising at the rate of 6 per cent per annum. At the same time, the cost of new technology in this sector is falling. This must create the situation which has already occurred in the manufacturing industries, whereby jobs will be lost to automation. What the "white-collar" industries have to face is, in fact, a "technology explosion," not unlike that which has occurred in manufacturing.

The problems are, however, different. Manufacturing industry has a tradition of training and re-training. The distributive and services sector, on the whole, do not. Whether they will be able to reorganise themselves physically and intellectually to meet the changes is an interesting question.

My organisation has become heavily involved in the study of "information processing and communications," with particular emphasis on the impact of technology on the office environment. It is clear that the majority of medium and large companies in the UK have not yet looked closely enough at potential problems. It is clear that the acceleration of technology in the now integrated areas of computing, telecommunications, and administration is going to force a faster pace of change than most people are prepared for.

Michael G. Moon, Director, Handley-Walker Company, Essex House, 27, Temple Street, Birmingham.

## Today's Events

President Giscard d'Estaing visits British Aerospace with which a preliminary agreement has already been signed by Romania for 82 BAC 1-11 short-haul airliners, and later gives dinner in honour of the Queen and Duke of Edinburgh at Claridges, W.1.

Foreign and Finance Ministers of OECD end two-day annual meeting in Paris.

European Parliament in session, Strasbourg.

Lady Mayores opens photographic exhibition of "The City in the Blitz" at St. Botolph, Aldgate, E.C.3, 12.30 p.m.

PARLIAMENTARY BUSINESS

House of Commons: Debate on English China Clays (half-year). International Timber Corporation (full-year). Tate and Lyle (half-yearly figures).

House of Lords: Wales Bill, committee. Co-operative Development Agency Bill, report stage.

OFFICIAL STATISTICS

Index of industrial production (April), provisional. UK banks' assets and liabilities and the money stock; and London dollar and sterling certificates of deposit (mid-May).

COMPANY RESULTS

Berisford (S. and W.) (half-year). Chloride Group (full-year).

Fishing, followed by debate on Official Secrets Act.

House of Lords: Wales Bill, committee. Co-operative Development Agency Bill, report stage.

COMPANY MEETINGS

Algonate Inds., Charing Cross Hotel, W.C.12, 8.30 Int'l. Savoy Hotel, W.C.12, 8.30 Pulp and Paper, Abercorn Rooms, E.C.11.30. Combined English Stores, Dorchester Hotel, W.12, 8.30. Connaught Rooms, W.C.12, 8.30. Gramplan Television, Aberdeen, 12.30. Lead Inds., 14, Gresham Street, E.C.2, 12.30. Moorhouse and Brook, Huddersfield, 11.30. Porter Chadburn, Liverpool, 12.15. Usher-Walker, Connaught Rooms, W.C.12.

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# COMPANY NEWS+COMMENT

## £4m deficit at 'Lofs'—no dividend

DIRECTORS OF London and Overseas Freighters yesterday announced an £8.32m turnover for the year ending March 31, 1978, and the passing of dividend as part of steps to conserve the cash resources of the company.

They say that although no cash crisis faces the group in the immediate future, directors are seeking the agreement of its bankers—and of the UK and Swedish Governments—as a guarantee of a deferment of some loan repayments.

The aim is to conserve our cash resources to allow running into liquidity problems before we achieve a positive cash flow again.

Last year a £3,207,000 net 25p share dividend was paid which included tax cost £1.6m. In the latest year the trading loss was £3.72m compared with £0.3m previously, while the net interest charge was up from £0.29m to £0.58m. As a result, the attributable loss was £1.42m (£1.48m profit).

Directors say the cash surplus generated by the fleet was insufficient to meet the significant outgoings in respect of loan interest and repayments and payments for new ships brought into service in the year.

The result was that group cash resources dropped £8.74m to £8.35m in the period, despite the inflow of dividends, interest and the proceeds from the sale of two ships.

These cash resources may, however, be augmented at the appropriate time by the sale of the £5.5m of Government stock received as interim compensation on the nationalisation of Austin and Pickersill.

Although the group has no ships on order and therefore no capital expenditure commitment this year, loan interest and repayments will total some £2m, and directors say it should be imprudent to rely on the fleet making any significant cash contribution.

The fleet may even make a call on the cash resources and they say "It is not difficult to see that the prospective rate of depletion of our reserves gives us cause for concern."

They say L.O.F.'s is on a survival course and that directors are determined to see it through the present slump in good shape.

They say there will be more compensation coming for Austin and Pickersill some time in the future. The contribution from A & P this year was limited to a £0.5m dividend for the June 30 quarter against £1.5m last year.

The group has taken no account of interest which will eventually be received on the balance of the compensation yet to be agreed.

Ship sales for the year yielded £1.7m (£3.4m) while realised losses on the repayment of foreign loans totalled £0.86m, against £0.83m. The attributable loss is after £3,000 from minorities (£1.20m to minorities) and a £0.7m (£0.68m) share of associate company losses.

Directors say that of the group's £35.7m Eurodollar borrowings payable between 1978 and 1987, the cost of repayment would

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exceed the book value by £1.98m at exchange rates ruling at March 31, 1978. They have, however, adopted the procedure of writing off exchange losses in the year in which they are incurred and no provision has been made against the potential increase in repayment costs.

## Wheway Watson up 23%

WITH TAXABLE earnings of £481,872, against £424,067, coming in the second half, Wheway Watson Holdings finished the year to April 1, 1978, with full-time profit 35 per cent ahead from £24,801 to £703,985. Sales by the chain-making, engineering and foreign group rose 16 per cent to £12.7m against £10.61m.

The year-end total of reserves at £4,298,737 was more than four times the issued capital. In order to bring the issued share capital more into line with the capital employed in the business, it is proposed to increase the company's authorised share capital by £1.5m to £2m and to capitalise £1,004,412 of the reserves and apply this sum to increase the nominal value of the shares in issue from 5p per share to 10p per share.

The improvement in the 1977/78 profit was forecast in December. Now Mr. W. Gibson Biggart, the chairman, says that the outlook for the current year is reasonably encouraging.

After tax of £181,323, against £20,062 last time restated in line with ED19 in the treatment of deferred tax, earnings per 5p share emerged lower at 3.09p (3.25p) basic or 2.85p (3.01p) fully diluted. A net final dividend of 0.52845p lifts the total to 0.87845p (0.79436p). If the rate of income tax is cut to 35 per cent the final will be increased to 0.56645p.

At Wheway Watson (CM) order levels indicate a rising trend and, given a further improvement in operational efficiency and the brighter outlook in export markets now evident, this sub-

Work on the terminal at Sullom Voe is continuing but it is sufficiently advanced to receive and load Ninian oil when production starts.

## Country & New Town disappoints

The directors of Country and New Town Properties announce a pre-tax profit for the year to January 31, 1978, of £458,248 compared with a loss of £80,023 last time, but after tax £233,580, against £78,024, and minorities £177,387 (£195,176) losses came out at £73,338 (£273,223).

At the interim stage, after tax and minorities, loss emerged at £84,000, against £175,000, and the directors said that it was hoped the group would recover this loss in the second half.

They now say that the figures have not fully realised the expectations anticipated. In the event, the totality of the costs for the second half were understated.

This was partly due to disruption caused by the Strand store modernisation which proved to be greater than anticipated. Although allowances have been made for directly attributable costs, it is not possible to quantify the full effect of the disruption. However, notwithstanding the continuing upheaval, sales in the departments which are encouraged, they add, further in the longer term, it is considered that the value of the asset will be materially enhanced.

Losses per 10p share is shown as 0.56p (£1.62p) and the dividend for the year is unchanged from a single 0.65p net payment last time, with a final of 0.65p. The company paid an interim of 0.2p in April.

There was an extraordinary debit of £388,341 (£948,218 credit), which was covered by a transfer from (10) capital reserve, caused mainly by exchange differences.

**Advance by Harcros**

Revenue of Harcros Investment Trust advanced from £328,111 to £324,812 in the year to March 31, 1978, before tax of £271,108, against £170,351.

Earnings are given as 0.97p (0.63p) per 10p share and the dividend total is effectively raised from 0.5688p to 0.85p net with a final of 0.85p. The retained balance is up from £33,918 to £88,840.

The net asset value is shown at 26.54p (20.32p).

No dividend has been received from a subsidiary whose pre-tax profit—not consolidated—was £9,183 (£5,082). Figures include the net assets of the subsidiary, Harcros is a subsidiary of Harrison and Crosfield which holds 38.8 per cent of the capital.

## Westland Aircraft passes interim

WESTLAND AIRCRAFT fears that its profits might be substantially down on last year after a series of disruptions and labour unrest over pay rates at its Yeovil helicopter plant.

The company has decided not to pay an interim dividend. It warned yesterday that provisions made against its helicopter operations last year might be substantially increased in the current year.

Last year the group made provisions of £61m against both helicopter and hovercraft contracts. About three-quarters of this is thought to have been associated with an Anglo-French helicopter contract negotiated with the Ministry of Defence in 1973. It still has two years to run.

The problems at Yeovil are due to the company's inability to negotiate a new pay formula with some of its manual workers who are still paid under a piece-work system.

Mr. B. D. Blackwell, Westland's chief executive, said clauses in the long-standing piecework arrangement had allowed some manual workers to gain increases outside the norm established by the latest pay code. This has caused unrest among less-favoured workers and pushed up the factory's wage bill.

Last year's provision had been thought enough to provide for all the group's problems with escalating pay rates and fixed price elements in the Anglo-French contract to supply Lynx helicopters to the armed services.

There remains the question of whether the group, which reports that most of its other interests are performing satisfactorily, will be able to pay a final dividend for the year.

In its interim statement Lord Addington says that despite extensive negotiations in the past few

## ISSUE NEWS

### Hartwells £1.4m rights

Hartwells Group, the motor distributor, is raising £1.37m by way of a cash call from shareholders.

The company is proposing a rights issue of one-for-five at 25p each, which is underwritten by de Zoete and Bevan. The issue will be closed 9p higher at 106p.

Hartwells' directors state that although the company has adequate banking facilities for its current requirements they consider that permanent capital should be raised now so that advantage can be taken of both increased trading and the acquisition of additional franchises.

Proceeds of the issue will be used to reduce bank borrowings. For the year to February 28, 1978, pre-tax profits rose from £1,235m to £2.1m. The sources and application of funds statement shows an inflow of funds amounting to £1.47m but because of pressures on working capital which increased by £1.22m the year-end balance was up from £3.09m to £2.21m.

The directors are forecasting a big jump in the dividend this year. The payout will be increased to 6.5p per share net which compares with 4.95p per share for 1977-78.

Turning to the current year the directors state that the company made good progress in the first two months but it is too early to make a forecast although they view the future with confidence.

Vehicle distribution is split fairly evenly between British Leyland and Ford. In Oxford the Leyland dealership will be the sole operator from July 1 due to the British Leyland reorganisation. This is good news for the company as Leyland's market share in that area is above the national average—the company puts it at around 40 per cent.

Also Hartwells has bought out the Leyland dealer competition in Bath and Banbury. So the directors are looking for a much larger market share this year.

Dealings in the new shares start on June 19.

### Tyneside well oversubscribed

Smith Tyneside's offer for sale of 17m of stock has met with a tremendous response. The issue was at the very least 100 times oversubscribed when the application list closed one minute after opening yesterday morning.

The issue was of 12.1 per cent Redeemable Stock 1986 in the Metropolitan Borough of South Tyneside. Priced at 20p per cent, payable as 10p in cash on application, the stock is listed 12.37 per cent running and 12.43

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corr. div.	Total for year	Total last year
Allied Retailers	5.81	Oct. 2	6.09	8.71	7.59
Alliance Inv.	2.05	July 20	1.63	3	2.45
Avenue Close	1.63	Sept. 1	1.48	1.68	1.48
CompAir	1.63	Aug. 8	0.62	2.52	2.32
Continuous Stationery	0.65	Aug. 8	0.65	0.65	0.65
Country & New Town	1.16	July 27	1.05	2.76	2.76
Flexello Castors	3.36	Aug. 31	2.95	4.36	3.95
Gr. Portland Ests.	0.65	Aug. 10	0.43	0.85	0.67
Harcros Inv.	nil	—	3.32	nil	3.32
Ldn. & Overseas Freighters	nil	—	1.6	nil	1.58
McNeill Group	4.35	Aug. 15	3.84	3.84	3.84
Nottingham Brick	4.35	July 27	3.89	6.73	6.13
J. T. Parrish	5.1	Aug. 2	4	13.84	7.84
Robertson Foods	0.51	Aug. 1	nil	65	nil
Starley	0.51	—	1.89	3.29	3.29
Sungei Besi	1.89	July 17	1.6	14.67	5.94
Trident Printers	10.05	July 18	0.48	0.88	0.79
U.S. & General Trust Int.	0.55	—	—	—	—
Warren Plantations	0.55	—	—	—	—
Wheway Watson	0.55	—	—	—	—

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip. Issue. † On capital increased by rights and/or acquisition issues. ‡ For 76 weeks. § For 53 weeks. ¶ Malaysian cents throughout.

## News Intl. looking for further expansion

AT YESTERDAY'S annual meeting of News International, Mr. K. R. Murdoch, chairman, told shareholders that overall, the group's trading position was only slightly behind last year, but with every prospect of overtaking the firm result.

However, News Group Newspapers, publishers of the News of the World and The Sun, was about £700,000 behind in its estimated profit from this time last year. This was due to the twin factors of continued industrial troubles and price control. Mr. Murdoch said.

In spite of determined and continuous efforts to improve industrial relations, the group was still suffering heavy losses to short deliveries of print orders.

Nevertheless, he felt that there was much tangible evidence within the company of improving attitudes in some sections and he was hoping for a more settled period in the immediate future.

It was the stated policy of the group to maximise its revenues so directors would continue to apply for increases wherever possible, the chairman stated.

It was intended to begin printing in Scotland next year and a decision would be made very soon whether this would be achieved through contract printing or the erection of the group's own plant for some £2m.

Development of a major new production centre in London was being investigated and the group already owned sufficient printing tend to pay the maximum permitted total for the year—last year's final was £1.71p.

The directors state that overall demand for products remains satisfactory and in the light of their continuing policy of market development through product improvement and new products, they look forward to further profitable expansion of the group's business in the field of materials handling, both at home and overseas.

Net profit came out at £185,808 (£111,601) after tax of £199,000 per 25p share and directors in-

## 'We are emerging from the period of reduced demand for your company's products.'

Highlights from the Statement by the Chairman, Mr. David H. Whiteley

- Turnover dropped to £5.3m (1977 - £6.1m). A loss of £137,992 was recorded.
- The directors have recommended that no ordinary dividend should be paid this year.
- We have withdrawn from our trading association in Japan, and our other overseas associates have all traded profitably.
- Orders in the first two months of 1978/79 are well ahead of the equivalent period last year.
- There is no likelihood of further reductions in the work force.

## B.S. & W. WHITELEY LIMITED

Manufacturers of 'Elephantide' insulating pressboards and multiply presspapers.

A copy of the full Report and Accounts may be obtained from the Secretary, Pool Paper Mills, Pool-in-Wharfedale, Otley, West Yorkshire LS21 1RP.

## ENGLISH & SCOTTISH INVESTORS LIMITED

Directors: The Rt. Hon. Lord Tryon (Chairman), T. L. Grimley, F.F.S., F.F.B., I.T. Henderson, T.D., J.M. Hunt, P. L. Lamason, F.C.A., E. Turner, C.B.E., D.Sc., F.C.A.

### Managers and Secretaries: Gartmore Investment Limited

Dividend record			
Year	Gross Revenue	Net Dividend Per Ordinary Share	Net Asset Value Per 25p Share
1974	912,596	1.40	78
1975	1,027,724	1.63	80
1976	1,069,776	1.88	81
1977	1,471,353	2.20	85
1978	1,335,727	2.46	85

Capital performance record			
Year	Gross Revenue	Net Dividend Per Ordinary Share	Net Asset Value Per 25p Share
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1975	1,027,724	1.63	80
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Performance			
Year	Gross Revenue	Net Dividend Per Ordinary Share	Net Asset Value Per 25p Share
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1977	1,471,353	2.20	85
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Geographical Distribution of Portfolio			
Year	Gross Revenue	Net Dividend Per Ordinary Share	Net Asset Value Per 25p Share
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1975	1,027,724	1.63	80
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# We just cleaned up!

As one of Europe's great chemicals and plastics groups DSM knows how important it is to clean up after the job is done.

For instance, in The Netherlands this year, DSM will have spent some £35 million to make the River Meuse cleaner. To do the job DSM pioneered techniques which take out nitrogen impurities as well as organic matter. The plant that has been put to work on the Meuse will be big enough to

deal with the waste produced every day by a city the size of Birmingham. Good news for Dutch farmers who will use the 130,000 tons of bacterial waste produced every year to improve their soil.

So Meuse '78 will be a great year. And the know-how that made it so will travel well. Soon there will be great years for the other rivers of the industrialised world.

Water is a vital resource. DSM technology keeps it clean.



SANTE PROSIT CHEERS SKOL NAZDROWIE

# do!

DSM chemicals and plastics

To find out how much more we do, write to the Information Department, DSM PO Box 65, Heerlen, The Netherlands.







# Robertson Foods below expectations at £2.7m

FROM turnover of £72.39m, against £52.7m, profits before tax of Robertson Foods rose from £2.38m to a record £2.73m in the year ended March 31, 1978.

However Mr. R. C. Robertson, the chairman, says the profit did not come up to expectation. At mid-year, when reporting pre-tax profits up from £381,000 to £399,000 (including £102,000 from Scotia Barry Foods), the directors were of the opinion that the full year's profit would show a satisfactory increase over the previous year.

After the satisfactory profit growth in the first half followed in particular by a good Christmas trade in mince and puddings, abnormally difficult trading conditions in the last three months, to March 1978, were experienced in the UK, says the chairman.

The existing price war among food retail groups and a general fall in food consumption in the period meant that most UK food manufacturers have suffered adversely.

But with selling prices shortly taking place on most of the group's products, margins should not be further eroded, says Mr. Robertson, and it is anticipated that the current year to March 1979 should show a satisfactory improvement over 1977-78.

The final dividend is 4.351p net lifting the total payment from 5.143p to a maximum permitted 5.724p.

Actual earnings per 25p share are shown as 22.8p (24.52p) and 12.41p (12.33p) after national UK tax charge at 32 per cent.

The group profit would have been considerably better but substantial increases in the prices of soft fruits and dried fruits the costs of financing the stocks of these materials were very high and the additional bank interest charges could not be fully recovered in selling price increases.

Canada, the group's major export market, suffered from a weak dollar for a considerable part of the year which adversely affected profitability on sales to that country.

The technical problems encountered following the delayed installation of imported equip-

ment for the increased breakfast cereals production took longer to overcome than had been originally anticipated.

The poor summer, followed by a mild autumn and early winter, affected the sales of the UK canning company.

However, the directors consider that the fall in the UK group profit in 1978 is only a temporary setback.

Peny SA, the French canning subsidiary which is now wholly owned, had an outstanding year with a substantially higher profit than assumed this year's crops and, good, it should have another excellent result, says the chairman.

The current production in the breakfast cereals division is running at a satisfactory level with demand exceeding supply; the Canadian dollar has improved and a reasonable summer could mean a slow down in increases in soft fruit prices, Mr. Robertson adds.

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## MINING NEWS

# Two alumina plants for Western Australia

BY PAUL CHEESBROUGH

THE Western Australian Government's strategy for the development of the state's bauxite resources will advance significantly within the next six months as plans for a start to construction at two alumina plants within the next six months come to fruition.

Site preparation for the Alveston consortium's plant, led by Reynolds Metals, the U.S. group, using bauxite reserves held by Broken Hill Proprietary and Rupert Murdoch's News Limited, is scheduled to begin in January, 1979.

Construction work at a plant to be run by Alcoa of Australia, in which Western Mining Corporation has a 20 per cent stake, should start by October 1 if the existing target date is met.

Both plants are south of Perth in the south west corner of Western Australia. Alveston's plant will be at Wagerup and Alcoa's at Wagerup. This will be the third Alcoa alumina plant in the state.

The target dates for a start to construction emerged in talks Sir Charles Court, the Premier of Western Australia, and Alcoa's U.S. with Reynolds and Alcoa towards the end of last month.

Both plants are priorities for the state Government, which holds as a basic point of policy the desirability of adding value to the mineral resources of the state. Already one-eighth of the

world alumina production comes from Western Australia.

Sir Charles yesterday made it clear that the state wanted to advance from the production of alumina, the first stage in the processing of bauxite, to the smelting of aluminium, the next stage. He wanted to hold talks with the companies about this.

"I want to see us work out the energy requirements to go into aluminium," he said. "We believe that with the changed energy situation, our capacity to smelt is more competitive than, say, ten years ago."

Alcoa's plans for Wagerup arose as a direct consequence of its withdrawal last year from the Alveston consortium.

The Wagerup project is contingent upon state approval for an environmental review and management programme which is now open to public comment.

After his talks with Alcoa executives last month Sir Charles made it clear that there would be little problem about the approval.

"The environmental studies have been done with great thoroughness and I am confident the 'all clear' will be given for a start well before the end of the year," he said.

The Alveston partners will submit their environmental programme by the end of this month and it is

expected that approvals will be granted by the middle of October thus allowing for the target date of January construction to be met.

Over this period the uncertainties of the Alveston corporate structure will have some light shed upon them. During the next few weeks, Sir Charles indicated, the nature of BHP's participation will be settled. This will ensure a strong Australian participation in the project.

At this stage costs of design, environmental studies and plant layout are being met by Alveston, the U.S. copper group, as to 25 per cent. BHP, the Shell group's metals unit, as to 20 per cent. Kobe Steel of Japan, as to 7.5 per cent, with the balance being met by Reynolds.

Meanwhile studies about the feasibility of opening up the bauxite deposits of the Mitchell Plateau in the Kimberley area, which is in the north of Western Australia, are continuing.

These deposits have been the subject of lengthy investigation by Alveston, a U.S. consortium in which Almax holds 30 per cent. Sir Charles said the deposits could be opened up with a \$40m project to produce refractory grade bauxite, but he would prefer to see an alumina plant go in.

Earnings per 10p share are shown as 25.5p (20.3p) and a final dividend payment of 5.812p net lifts the total from 7.953p to 8.712p. Also proposed is a scrip issue of one 9.75 per cent preference share and 10 new

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# Uranium fever excites the Northgate camp

IRISH URANIUM exploration fever produced more excitement yesterday in the shares of Anglo United Development, which jumped 57p further to 280p, making a three-day advance of 96p.

Northgate Exploration, which holds 24 per cent of Anglo United, rose 15p to a high of 465p while Westfield Minerals, which has a 13.6 per cent stake in Northgate, gained 13p to 110p.

In Toronto Anglo United cautiously announced that preliminary exploration work on the four prospecting licences covering 72 square miles in County Donegal, recently issued to its wholly owned Irish subsidiary, is progressing.

Initial indications from detailed geological mapping and geophysical surveys have substantiated the original indications and the zone has now been traced intermittently over a strike length in excess of six miles.

Work is currently proceeding on a comprehensive shallow trenching and bedrock channel sampling programme across the zone of anomalous radiometric readings in the centre of the area. Analyses of these samples should enable a better understanding of the distribution, source and nature of the anomaly for continuing follow-up work, it is stated.

In view of the area involved, Anglo United anticipates that a considerable amount of time will be required to thoroughly evaluate the economic significance of the radioactive zones.

THE AUSTRALIAN Sealex Exploration, in which London's Selection Trust has a beneficial interest of approximately 84 per cent, sees no promise at this stage that the cash flow from its Spargoville nickel mine in Western Australia will rise beyond the end of next year or the beginning of 1980.

At the annual meeting in Sydney Mr. Peter Wreford, the managing director, pointed out that it has now been decided that economic recovery of nickel from the Spargoville No. 2 deposit is not possible because of the high arsenic content and Al14m (20.87m) is to be written off. No extensions have been made to existing reserves at location 3 while the location 1 deposit is not considered an economic proposition at current nickel prices.

While the company moves towards the end of its Spargoville mining operations—which made a net loss of A\$745,601 in the nine months to December 31—is still has via the 30 per cent holding in Western Sealex, an interest in the Agnew nickel mine and the Teutonic Bore copper-zinc-silver deposit.

The latter, which is jointly owned by the Selection Trust group and MIM Holdings, "should make a profitable open-pit mine when metal







## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## NORTH AMERICAN NEWS

## Good third quarter for Dana

NEW YORK, June 14. NET INCOME of the U.S. automotive components manufacturer Dana Corporation for the third quarter ended May 31 rose from \$30.8m to \$1.03 a share to \$39m or \$1.22 a share. Sales rose from \$497m to \$512m.

For the nine months, net income increased from \$78.6m or \$2.65 a share to \$98.2m or \$3.09 a share. Sales for the period were \$1,666m against \$1,325m.

The quarterly dividend has been increased from 32 cents a share to 33 cents, payable on September 15 to shareholders of record on August 23.

## General Tire reverse

General Tire and Rubber Company experienced a rise in demand for tires and plastic products in the second quarter ended May 31, but profits for the first half were lower than a year earlier, according to Mr. M. G. O'Neill, president, AP-DJ reports from Akron.

Mr. O'Neill said that the company, a subsidiary of RKO General Incorporated, continues to show higher earnings than a year ago, but combined tire, plastics and industrial products profits were down for the first half, as were earnings of Aerojet-General Corporation, another subsidiary.

As previously reported net for the February 28 first quarter fell 14 per cent to \$13.7m or 82 cents a share from \$21.8m or 96 cents a share.

## Emhart forecasts rise

The diversified holding company, Emhart Corporation continues to record large earnings gains as a result of strong foreign business and improving domestic operations, according to Mr. T. Mitchell Ford, chairman and president, AP-DJ reports from Cleveland.

The improvement in second quarter earnings is expected to approach the first quarter rate of 27 per cent. In 1977's second quarter, Emhart earned \$15.6m, or \$1.31 a share fully diluted on revenues of \$312.9m. The 1978 first quarter net income was \$15.6m, or \$1.30 a share fully diluted, up from \$11.8m or \$1.02 a share a year earlier. Revenue rose 8 per cent to \$316.3m from \$293m.

## APL pursues offer

APL is to pursue its proposed exchange offer for 32 per cent of the common stock of Pabst Brewing by seeking a Federal Court declaration that the offer could proceed in states other than Wisconsin and Arkansas. AP-DJ reports from Great Neck.

APL filed its action in the southern district of New York contesting the constitutionality of out-of-state application of the Wisconsin and Arkansas State takeover statutes. In a recent decision the Securities Commissioner of Wisconsin had ordered APL not to proceed with its proposed offer for Pabst in Wisconsin or elsewhere.

## Hughes Tool record

Mr. James R. Leach, president of Hughes Tool, said earnings to be reported for the second quarter ending June 30 will exceed the 89 cents a share reported a year ago. AP-DJ reports from Rochester.

They will be record earnings, he added, but he declined to forecast a specific figure.

## Hudson's Bay Oil

Hudson's Bay Oil and Gas Company has declared a 40 per cent share dividend on common shares for the second quarter of 1978, payable July 28. The quarterly dividend of 82.5 cents per share on the preferred shares series A has also been declared for payment July 15.

## Canadian moves in Husky Oil tussle

BY ROBERT GIBBENS

MONTREAL, June 14.

THERE IS a strong possibility that Alberta Gas Trunk Line (AGTL), the largest gas transmission firm in Alberta, and Pan-Canadian Petroleum, the oil and gas arm of the Canadian Pacific group, are taking an active part in the tussle for control of Husky Oil, of Calgary.

Mr. Robert Blair, known as "the man who won the Alaska Highway pipeline," heads AGTL and has confirmed his company has bought about 4 per cent of Husky's outstanding 11m shares in the open market since January.

He said in Calgary that AGTL is "considering several options" and a bid for Husky, together with other Canadian petroleum companies, "is one of the possibilities."

But AGTL has not resumed its open market acquisition of Husky stock since trading resumed on Tuesday at around C\$47 to C\$48 a share. The price today slipped back slightly to around C\$46.

The head of Pan-Canadian Petroleum is Mr. John Taylor, one of Canada's less known oilmen. Pan-Canadian is a large oil and gas producer and holds extensive exploration land in Western Canada. Mr. Taylor is known to have been having talks with Federal officials in Ottawa in the past two days, but no details have been disclosed.

On Monday, Petro-Canada, the national oil company, bid C\$45 a share for the outstanding Husky shares. Immediately, Occidental Petroleum Corporation of Los Angeles came back with a share exchange offer worth around U.S.\$46m, which was accepted by the Husky management.

About 65 per cent of Husky's shares are held in the U.S. Husky is controlled by the Husky Oil Group of Cody, Wyoming.

Later, Occidental played its strongest card by proposing a joint development project with Petro-Canada and the Government of Alberta and Saskatchewan for development of the heavy oil deposits in the Lloydminster area of S.W.

Saskatchewan. This was designed to forestall arguments in Ottawa that the Occidental bid for Husky would not bring "significant benefit" to Canada under the rules of the Foreign Investment Review Act.

The position now is that Petro-Canada, with the backing of the big international oil companies, is known to favour gradual steps towards greater Canadian control.

There are two groups proposing to develop the heavy oil reserves of Saskatchewan and South East Alberta. One led by Husky plans an upgrading plant with a price tag of around C\$500m. But there have been long delays in getting either project on the road.

Pressure has been mounting to get the reserves developed both for the Canadian market and for export to Northern Tier American refineries. The task would be simpler and less costly than the marketing of the third Alberta Tar Sands mining operation at a cost of C\$4bn.

Earlier this week the company said it would raise prices on flat rolled automotive bumper stock by 4 to 6 cents a pound and prices on auto body sheet by 12 to 13 cents, effective July 1.

The company also raised its aluminum ingot price by 4 cents a pound to 57 cents, effective June 1. Kaiser's other competitors, however, have not raised their ingot prices.

Mr. Maier said he believes Kaiser's price increase is justified and he is willing to hold ingot prices at that level as long as the market stays strong.

Mr. William Hobbs, vice-president and treasurer, said that based on April and May figures, Kaiser would probably record a slight currency translation gain compared with a loss of \$8.1m, or 31 cents a share in the 1978 first quarter.

Mr. Maier believed there would be additional price increases on most fabricated product lines before the year-end. Although he would not estimate the size, he did say the increases would

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## Kaiser sees more price rises

NEW YORK, June 14.

KAISER ALUMINIUM and Chemical Corporation expects continued strong aluminum demand for the balance of the year, higher overall profits for 1978, and sees further price increases on fabricated products before the year-end, according to Mr. Cornell C. Maier, the president.

Mr. Maier said the company will have higher 1978 second quarter aluminum shipments and that year shipments will exceed the 6.6m tons of 1978. As a result, second quarter earnings should exceed the \$2.01 a share earned in 1977 and year earnings should be more than \$6 a

share, against \$5.53 for 1977.

Kaiser, the third largest U.S. aluminum producer, has already raised its third quarter net of \$1.20 a share, compared with \$1.18 in 1977.

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## New casino lifts Resorts International

By David Lascelles

NEW YORK, June 14.

RESORTS INTERNATIONAL, the Miami company which opened the first U.S. casino outside Nevada in Atlantic City, New Jersey, last month, expects a higher net income this year because of it.

In an interview with Dow Jones, Mr. James Crosby, the company's chairman, said the casino's net win was holding up at about \$438,000 a day. This represented the casino's gains at the gambling tables and slot machines before operating costs and other expenses.

According to Mr. Crosby, this came close to expectations, but he declined to speculate what the win would work out at on an annual basis because of expected seasonal fluctuations. However, he said the company's results this year would exceed last year's net income of \$3m or 94 cents a share.

About 90 per cent of the net win is currently coming from slot machines, which Mr. Crosby said was unexpected, since the share was closer to 25 per cent at the company's other casinos in the Bahamas.

Despite the higher income, though, Resorts does not plan to start paying cash dividends. Instead, profits will continue to be ploughed back into expansion. Mr. Crosby added that the company is not considering an equity offering but may issue \$20-30m worth of bonds this year to help pay for expansion.

Resorts plans to extend its casino floor space by 60 per cent this Friday, provided it gets permission, and Mr. Crosby believes that his company is so far ahead of the field that it will be autumn 1978 before any competition opens its doors.

## Atlantic City casino suit

NEW YORK, June 14.

THE Atlantic City investment group, Regency Hotel Corporation, claims that it paid almost \$1 million to the Howard Johnson Regency Hotel in the city from its owner, Jemm Company. It was announced yesterday that one of the largest gambling concerns in the U.S., Caesar's World, which operates the Caesar's Palace casino in Las Vegas, has taken a long term lease on the hotel, with a purchase option.

Regency Hotel is suing Jemm for reinstatement of its lease. A New Jersey court last week denied a motion for a preliminary injunction seeking to block the execution of the lease with Caesar's.

The investment group also claims that it spent more than \$800,000 in planning a casino project for the hotel. When it encountered problems in raising all the financing for the deal, Jemm terminated the lease and ordered the group off the hotel premises, it says.

Agencies

## Medical group moves ahead

NEW YORK, June 14.

AMERICAN Medical International net income for the third quarter ended May 31 moved ahead from \$3.5m or 56 cents a share to \$5m or 74 cents a share, on sales higher at \$109.8m against \$90m. This result lifted nine months net income from \$253.2m to \$310.7m.

Meanwhile, Ampex Corporation today reported an advance in net operating income for the fourth quarter to April 29 from \$3.26m or 30 cents a share to \$4.18m or 37 cents a share. Sales revenues moved ahead from \$78.3m to \$87.8m. There was a tax credit this year of \$514,000 or 7 cents a share, making the final fourth quarter net income figure \$1.99m or 44 cents a share.

A tax credit of \$2.6m or 24 cents a share lifted last year's fourth quarter net income to \$6.85m or 54 cents a share.

Scott Foresman and Co., the textbook concern, reported an increase in per share earnings for the year ended April 30 from \$3.01 to \$3.99, while the linen, chemicals and lighting company National Service Industries reported a modest increase in earnings for the third quarter to May 31, with earnings per share up from 50 cents to 62 cents.

Agencies

## Restructure call by Hidro Nitro in PUK dispute

BY ROBERT GRAHAM

MADRID, June 14.

A DISPUTE over the past six months between the French group Pechiney Ugine Kuhlmann and a Spanish chemical concern, Hidro Nitro Espanola, in which PUK has a 40 per cent share, is becoming increasingly bitter as Spanish shareholders seek to break the French company's control.

There are two groups proposing to develop the heavy oil reserves of Saskatchewan and South East Alberta. One led by Husky plans an upgrading plant with a price tag of around C\$500m. But there have been long delays in getting either project on the road.

Pressure has been mounting to get the reserves developed both for the Canadian market and for export to Northern Tier American refineries. The task would be simpler and less costly than the marketing of the third Alberta Tar Sands mining operation at a cost of C\$4bn.

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and technology. The company is also a significant cement producer.

Differences between PUK's Board representatives and supporters of Sr. Villar Mir, who has been running the company for some ten years, have been apparent for some time. Last year Hidro Nitro experienced a cut back in net cash flow from Pta 316m to Pta 271m (\$3.3m) in part due to depressed international ferro-manganese demands. These results attracted differences over market.

At the beginning of March this year the company's annual meeting failed to agree on any of the issues on the agenda. Then on April 22 a second annual meeting ended in uproar with PUK refusing to approve the 1977 accounts in protest at Sr. Villar Mir managing to be re-elected as chairman—despite the fact that PUK together with its supporters had obtained 51 per cent of the vote.

Sr. Villar Mir invoked a previously unused legal device governing relations between

Spanish companies and foreign partners. According to this regulation, foreign partners can prevent Board members' choice.

Since then contacts between PUK representatives and supporters of Sr. Villar Mir have failed to resolve their differences and the question of accounting remains unresolved.

However, a 50 per cent capital increase has been approved and this has served to fuel the management power play.

Sr. Villar Mir is attempting to prevent PUK from subscribing to the capital increase. Today PUK published a statement in all the daily papers saying: "Because certain board members of Hidro Nitro Espanola are illegally seeking to prevent PUK from exercising its right as a preferred shareholder, PUK warns bona fide third persons that they may be offered shares which are the exclusive property of PUK."

The statement goes on to suggest that legal action has already been taken to ensure PUK could subscribe and warn of action against anyone who bought such shares.

Each increase in the German currency's dollar parity represented a DM 4m a year loss of VAW, Herr Escherich said. In addition, the heavy overhang of stocks had pushed down prices to the point that the company is losing about DM 0.30 per kilo on aluminum at market prices averaging 20 per cent below the company's list prices. As a result of the currency pressure, he said that West Germany had now become a "marginal producer" of aluminum, with German refiners unable fully to cover costs.

There is still no sign of a resumption of the dividend and shareholders were told not to expect one for 1978. They were assured, however, that the annual payment would be made "as soon as possible."

In the first quarter of 1978, the Hoersch-Buettnerwerke subsidiary reported a continued loss, although in April figures were near break-even point. But it was still too early to forecast what the next few months would bring, said Herr Solbach.

In any event, it looked as though there would be particular difficulties in the third quarter as a result of the summer holiday period. Rolled steel production in the first four months of the year was 5 per cent up on the comparable period of 1977.

There had been cutbacks in employment in individual areas of the steel processing sector at the end of last year, but the present business level was enabling this to be built up again. In the trading sector, there had been a welcome upturn in sales.

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## ESTEL to reduce loss

BY GUY HAWTHIN

FRANKFURT, June 14.

ESTEL, the steel concern which groups West German works Hoersch, Hoogovens of Holland, can look forward to a marked improvement in its results this year.

Expressing the brighter view of steel industry prospects that has recently emerged, Herr Heinz Solbach, chairman of the German steel industry, said that he was optimistic about progress in 1978.

But the steelmaking and processing concern was unlikely to move all the way back into profit this year. "Our hopes rest on 1979," he said.

There is still no sign of a resumption of the dividend and shareholders were told not to expect one for 1978. They were assured, however, that the annual payment would be made "as soon as possible."

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## EUROBONDS

## Optimism for Baker terms

By Francis Gills

THE MARKET had another very quiet day with prices holding steady, essentially because there was no turnover and most professionals are very short of stock.

In view of the very good book for the Baker International Finance convertible, the terms are expected to be improved before the bond is priced.

The Swiss Franc sector is also very dull at present. Ory Nika has been priced at par with terms otherwise unchanged. Two bonds are expected soon: the \$100m for Voestalpine which will be managed by Credit Suisse and a \$500m for Fininvest which will be managed by Swiss Bank Corporation.

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Swiss Bank Corporation.

This announcement appears as a matter of record only

ZAGREBAČKA BANKA ZAGREB

On behalf of

OLT, Osijek

U.S. \$4,500,000

Medium term project loan

arranged by

The Riggs National Bank of Washington, D.C.

and provided by

The Riggs National Bank of Washington, D.C.

The National Bank of Washington, Washington, D.C.

Nagrafin Bank Limited, Cayman Islands

June 1978







# REPORT TO INVESTORS from a company called TRW

## TRW Reports Record Quarter Results

### FIRST QUARTER FINANCIAL HIGHLIGHTS (U.S. dollar amounts in millions except per share data)

	1978	1977
Sales	\$ 870.4	\$ 776.9
Pre-Tax Profit	69.6	62.2
Net Earnings	55.8	31.7
Earnings Per Share		
Fully Diluted	.93	.86
Primary	1.10	.96
Dividends Per Common Share	.40	.35
Outstanding Common Stock	29,215,000	27,665,000
Shares Used in Computing Per Share Amounts		
Fully Diluted	36,686,000	36,699,000
Primary	28,662,000	28,567,000

TRW Inc., a major international supplier of high-technology, products and services, established new first quarter highs in sales, earnings and earnings per share. First quarter sales were U.S. \$870.4 million, a 12% increase over 1977 first quarter sales of U.S. \$776.9 million.

Earnings after taxes reached U.S. \$35.8 million, a 12.9% gain over 1977 first quarter earnings of U.S. \$31.7 million.

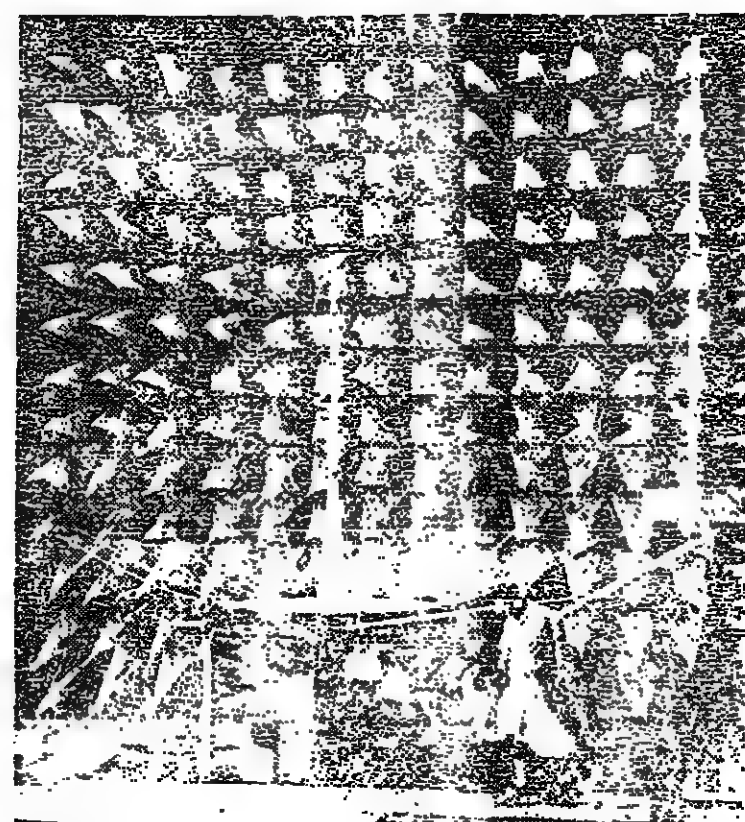
Fully diluted earnings per share were U.S. \$.93 compared with U.S. \$.86 in the first quarter of 1977. Primary earnings per share were U.S. \$1.10 versus U.S. \$.96 in 1977.

Each of TRW's three business segments reported sales and operating profit gains over the year-ago period. TRW's Car & Truck segment sales increased 12.6% and operating profits rose 9.6%. In Electronics & Space Systems, sales and operating profits were up 10.5% and 17.3% respectively. Industrial & Energy sales increased 12.9% on a quarter-to-quarter basis, while operating profits were ahead 27.2%.

Consistent with TRW's policy of raising dividends as earnings increase, company directors increased the quarterly dividend on common shares from U.S. \$.40 per share to U.S. \$.45 per share, payable 15 June 1978. This will be the 159th consecutive dividend declared on TRW common shares.

For further information on TRW's 1978 first quarter results, please write for a copy of our quarterly report: TRW Europe Inc., 25 St. James's Street, London SW1A 1HA.

A COMPANY CALLED  
**TRW**



TRW WON HIGH PRAISE from U.S. military officials upon the successful deployment of the first in a series of Navy Fleet Satellite Communication Spacecraft shown here undergoing prelaunch tests in one of the company's U.S. spacecraft laboratories.

## Currency, Money and Gold Markets

### Pound eases on trade figures

In generally quiet trading, the pound showed a slight fall against other leading currencies reflecting the mild disappointment shown in UK trade figures for May. The pound fell from 81.4 to 81.3. The pound opened at \$1.8550-1.8560 against the U.S. dollar and in very thin conditions barely touched \$1.8565-1.8575 during the morning. However, after the trade figures were announced, the rate fell sharply to \$1.8500-1.8510. There seemed little likelihood of any official intervention, and the pound soon recovered to close at \$1.8532-1.8542, a loss of 13 points from the previous close.

Forward sterling also showed a weaker tendency with the six-month average depreciation widened to 6.0 per cent from 5.5 per cent. The dollar recorded little change against the French franc in rather nervous trading. It finished at FF 4.5850, compared with FF 4.5820 in early trading. There was hardly any reaction to publication of a first quarter current account payments deficit of FF 420m, compared with a surplus of FF 287m in the fourth quarter of 1977, and a deficit of FF 8125m in the first quarter of 1978. Similarly, the announcement of a rise of 11 per cent in French industrial production in April was passed over.

The Bundesbank's trade-weighted D-mark revaluation index against 22 currencies was 145.8 (145.9), up 0.9 per cent from the end of last year. At the same time, the dollar held firm against the lira, after a modest market volume of \$9.8m. The U.S. currency finished the session at Lira 2.1850, compared with Lira 2.1820 the previous day. The lira improved slightly against the Swiss franc falling to Lira 4.54 from Lira 4.54 on Tuesday.

Tokyo: In moderate to active trading, the U.S. dollar came under further selling pressure closing at ¥216.97 against ¥217.25 on Tuesday. There seemed to be a general feeling that Japan's trade surplus for May, due to be announced today, may be larger than expected compared with the surplus of the previous month and this appeared to have a weaker effect on the dollar. After opening at ¥216.9, the U.S. currency rose to ¥217.3 at one point but selling towards the end of the day saw it back down to the ¥216 level against.

### EXCHANGE CROSS-RATES

June 14	Pound Sterling	U.S. Dollar	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canadian Dollar	Belgian Franc
Pound Sterling	1.0000	1.8532	254.1	6.405	2.460	4.095	197.5	2.054	59.86
U.S. Dollar	0.5400	1.0000	100.0	4.585	1.858	2.234	89.1	1.121	32.66
Japanese Yen	0.0039	0.0098	1.0000	2.200	0.908	1.772	412.0	0.537	15.66
French Franc	0.2350	0.2180	0.225	1.0000	0.548	0.165	19.36	0.075	2.46
Swiss Franc	0.5400	0.5400	0.5400	0.5400	1.0000	0.376	20.36	0.736	2.33
Dutch Guilder	0.2350	0.2350	0.2350	0.2350	0.2350	1.0000	3.76	0.004	0.01
Italian Lira	0.0051	0.0051	0.0051	0.0051	0.0051	0.0051	1.0000	0.000	0.00
Canadian Dollar	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	1.0000	0.7100
Belgian Franc	0.0335	0.0335	0.0335	0.0335	0.0335	0.0335	0.0335	0.0335	1.0000

### EURO-CURRENCY INTEREST RATES

June 15	Germany	Switzerland	U.S. Dollar	Date's Number	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian \$	Japanese Yen
18.19	7.6	7.75-7.7	414-413	12-58	534-53	104-1007	9-13	—	174-87	
16.17	7.5	7.6-7.5	414-413	12-58	534-53	104-1007	104-1014	7.5-7.4	144-83	
124-123	7.4	7.4-7.3	414-413	12-58	534-53	104-1007	104-1007	7.4-7.3	144-83	
11.7-11.6	7.3	7.3-7.2	414-413	12-58	534-53	104-1007	104-1007	7.3-7.2	144-83	
12-12.5	7.2	7.2-7.1	414-413	12-58	534-53	104-1007	104-1007	7.2-7.1	144-83	
12.12-12.0	7.1	7.1-7.0	414-413	12-58	534-53	104-1007	104-1007	7.1-7.0	144-83	



## WORLD STOCK MARKETS

## Wall St. moves erratically in heavy trade

## INVESTMENT DOLLAR

PREMIUM

Effective 12.5277 90% (14.5%)

MOST OF an initial strong rise

on Wall Street yesterday was lost

by mid-session, and the stock

market moved erratically for the

rest of the day before closing with

mixed movements after a very

active trade.

The Dow Jones Industrial Average

closed at 854.56, down 1.22

from the day before. The

NYSE All-Common Index recorded

a net loss of 3.29 to 555.55,

after moving between 552.55 and

558.55, although gains still held

an edge over losses at the close

of 70.00. The market was

expanded to 37.26 million shares from

Tuesday's 36.78 million.

Brokers said the market was

caught between some window

trading by institutions prior to

the end of the second quarter

and unfavourable economic news.

Analysts continue to expect

further rises in short-term

rates. The prime rate, and

some are forecasting a new

high of 12.5%.

WEDNESDAY'S ACTIVE STOCKS

Ranada Inc. jumped 2 to 37

on volume of nearly 1 million

shares. City Investing Inc. picked up

1 to 217.

Motors issues were also in the

spotlight. American Motors

gained 1 to 44 in heavy trading

including blocks of 100,000 and

70,000 shares. It reported a 1 per

cent rise in early June car sales.

Anglo United Development

jumped 75 cents to C\$3.65 on an

encouraging report on uranium

exploration in Ireland.

General Motors, however, eased

to \$60.10 as the company is

expected to report a drop in

checks and reported a dip in

early June car sales.

Ford Motor reported an 11 per

cent rise in sales but continued

under pressure because of the

Government scrutiny regarding

the safety of its small cars — the

Shelby Mustang. The car lost

\$1.25 to \$46.50 in heavy

trading, including blocks of

100,000 and 115,000 shares.

Exxon shed 1 to 46.60 — the

U.S. Supreme Court has upheld

a Maryland law prohibiting petrol

producers or refiners from

directly operating service stations

in that state.

Service Corporation International

dropped 2 to 84 — plans

for a company to be formed by

some of its officers and directors

and by American Life Insurance

to acquire Service.

Soay gained 1 to 88 in heavy

trading despite reported lower

earnings.

THE AMERICAN SE Market Value

ended 33 higher at a 1978 peak

of 144.4, while the 1977 peak

was advanced by 30.5 to 134.1.

Gold advanced 9.1 to 132.25.

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\$1.25 to \$46.50 in heavy

trading, including blocks of

100,000 and 115,000 shares.

Exxon shed 1 to 46.60 — the

U.S. Supreme Court has upheld

a Maryland law prohibiting petrol

producers or refiners from

directly operating service stations

in that state.

Service Corporation International

dropped 2 to 84 — plans

for a company to be formed by

some of its officers and directors

and by American Life Insurance

to acquire Service.

Soay gained 1 to 88 in heavy

trading despite reported lower

earnings.

THE AMERICAN SE Market Value

ended 33 higher at a 1978 peak

of 144.4, while the 1977 peak

was advanced by 30.5 to 134.1.

Gold advanced 9.1 to 132.25.

Anglo United Development

jumped 75 cents to C\$3.65 on an

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General Motors, however, eased

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The real cost is certainly

bringings into being a new group of "shipowners" whose own professional ability lay in high-paid but hardly maritime occupations such as dentistry and the law. Established shipowners also feel that merely to increase the number of shipping companies is a retrograde step. With well over 200 such companies already in existence, there is widespread support for the idea of using the pressures of the present recession to

Mr. Hallvard Bakke, Minister of Commerce and Shipping, now accepts that the preservation of the shipping industry is a high Government priority and that the changes in shipbuilding policy is designed to serve that end.

The Government says that decisions about closures, restructurings and diversifications out of shipbuilding will be left to the individual yards. It argues that the financial climate created in the new policy will not, unlike the old, permit the survival of all.

Under the new regime, the tax-credit device for domestic shipowners is abandoned. Instead, domestic owners will be offered a straight reduction of

Just how the required reorganisation will take place is far from clear and shipbuilders are still in too great a state of shock to have many ideas of their own. The Government does not intend, as was suggested in the commission report, to take board-level representation in those companies that it puts funds into but it does intend to channel aid towards the smaller West Coast yards.

With almost 8 per cent of its Norwegian workers employed in shipbuilding these are serious problems, justifying the Government's decision to let the air out of the subsidy cushion as gently as possible. *How quickly* it will deflate is hard to judge. It partly depends upon the response Norway receives from the international community when it urges others to follow a similar course.

**By IAN HARGREAVES, Shipping Correspondent**

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Of course, you have to pick the right properties. And that can be difficult without help.

We look very carefully into all three before seriously considering any property for our clients. If it measures up on all three counts, there's a very good chance it will give good long-term performance.

**Industrial Properties.**  
In return, they get a good return.  
They also get total control of the  
properties they buy, and a total  
management service from Savills if they  
want it.  
It could make very good sense to plug

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It could make very good sense to plug that gap without delay.

The partner in charge of the commercial investment department is Tim Simon.

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**Banbury Beccles Chelmsford Colchester Croydon Fakenham Hereford Lincoln Norwich Salisbury Wimborne**  
**Paris & Amsterdam**  
**Associates in Scotland. Represented in Guernsey.**

Extracts from the Statement of the Chairman,  
Mr. Campbell Nelson, at the 64th Annual General  
Meeting held in London on 14th June, 1978

■ Our expenditures on Western Canada oil and gas exploration ventures totalled £176,000 at 31st March last. We have two interesting ventures which are referred to in the Directors' Report. Drilling of the Boundary Lake prospect is expected to start in late June. The drilling at Meekwap has been held up owing to the difficulty of obtaining a rig. This problem has now been resolved and it is expected drilling will start in August.

Copies of the full Statement and the 1978 Report and Accounts are available from the Secretaries of the Company, 2 Broad Street Place, London EC2M 7EP



Perhaps more than any other Japanese bank, Saitama offers its customers the full benefits of its vigor and vision. The vigor that has made it one of Japan's fastest growing major banks. And the vision of a bank that never forgets people are people.

[illegible]

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**WE, THE  
LIMBLESS,  
LOOK TO YOU  
FOR HELP**

We come from both world wars.  
We come from Kenya, Malaya,  
Aden, Cyprus... and from Ulster.  
From keeping the peace in the best  
than from war we limbless look to  
you for help.

And you can help, by helping our Association. BLESMA (the British Limbless Ex-Service Men's Association) looks after the limbless from all the Services. It helps, with advice and encouragement, to overcome the shock of losing arms, or legs or an eye. It sees that red-tape does not stand in the way of thorough entitlement to pension. And, for severely handicapped and the elderly, it provides Residential Homes where they can live in peace and dignity.

Help BLESMA, please. We need money desperately. And we promise you, that a penny raised for us will be put to good use.

[illegible]



THE CHAIRMAN  
Annual General Meeting  
June 1978

# U.S. price cuts hit copper

By JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES fell back on the London Metal Exchange yesterday following news that the U.S. producer, Asarco, had cut its domestic copper price by 2 cents to 66 cents a pound. It was less than three weeks ago that Asarco led a general increase in U.S. copper prices, which was quickly followed by other producers. Since then, however, values have fallen back sharply on the London Metal Exchange and the New York copper market as a result of speculative profit-taking and lack of consumer demand.

Although traders remain sceptical about Asarco's claim that output has been resumed at an above-average level, the Kolwezi mines in the Congo are generally accepted to be the reaction to the Shaba invasion was probably overdue.

Cash wirebars have fallen from a peak of over £775 earlier this month to £735.5 a tonne last night, £13.5 down on the previous close.

Asarco's sudden decision may have been affected by the fact that one of its main rivals, Kennecott, has abandoned the producer price system and is now basing its prices on the New York market (Comex), where values have fallen in line with the London Exchange.

Daval Mining was quick to follow Asarco's price cut. An interesting point now is whether other producers, notably Ana-

conda, might be tempted to follow Kennecott's move and switch to the more flexible free market quotation.

U.S. zinc producers are also believed to be considering rescinding recent price increases. National Zinc has already done so, claiming that the other producers had not implemented the increases announced.

Cash zinc lost 5¢ to £317 a tonne and lead was also depressed by the decline in copper.

However, tin prices continued their upward climb, reflecting the shortage of supply, aggravated by the closure of the Capricorn smelter because of an industrial dispute. Although some profit-taking sales were

## Pressure for U.S. sugar curbs

By Our Commodities Staff

PRESSURE ON President Carter to raise U.S. sugar import quotas is expected to intensify when a group of 21 Senators warned that failure to act at once could lead to a flood of foreign sugar on the U.S. market.

In a telegram the Senators, led by Idaho Democrat Frank Church, told Mr. Carter the House sub-committee approved legislation to lift the duty permanently on zinc ores and to continue the suspension of duties for scrap metals such as copper, iron, steel and aluminium until June 30, 1981.

The present duty suspensions for both zinc ores and other scrap materials on copper and other metal scrap are due to expire on June 30.

The sub-committee bills are expected to be approved by the full Ways and Means Committee, and then clear Congress.

## UK AGRICULTURE Minister in a stew over potato policy

By CHRISTOPHER PARKES

THE MINISTER OF Agriculture has still not decided what to do about managing the UK potato market this year.

He admitted yesterday that he was in difficulties because there was no Commission of Enquiry in Brussels among other reasons to be the situation for him—an unsavoury position for an anti-marketeer to be in. The best he could offer was a promise of a decision on tactics within the next four or five weeks.

Mr. John Silkin is well and truly trapped between the devil and the deep blue briny. If he announces a guaranteed price for potatoes as usual the farming industry will no doubt rejoice. But there is a strong possibility that such a step would cost the taxpayer dear if a case now before the European Court of Justice goes against Britain.

The court is expected to rule in September on a Dutch exporter's charge that the British ban on imports of mainland potatoes is against EEC law. If the shipper wins his case then Britain will have to open its market to all over the EEC next autumn.

The home-grown crop would be pushed out of the market and would have to be paid for under the guaranteed price arrangements. Support for last year's crop which is now almost totally cleared may well cost the Exchequer around £20m—and that for only a relatively modest support operation.

Mr. Silkin's humour has not been improved by the attitude of the farmers who blithely ignored all warnings to reduce their potato acreages this year.

The situation could be eased if the current drought continues and stunts the crop's growth, but the Minister's relatively limited

experience in the farm job has already taught him that Britain's weather cannot be relied on as an instrument of policy.

He is also growing restless at the lack of activity in Brussels among other reasons to be the situation for him—an unsavoury position for an anti-marketeer to be in. The best he could offer was a promise of a decision on tactics within the next four or five weeks.

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## Aluminium futures plan opposed

By ADRIAN DICKS

WEST GERMANY'S leading aluminium producer, the Aluminium Werke (VAW), has little need for the London Metal Exchange's proposed aluminium futures contract, the company fears that by accentuating price volatility it could have an unsettling effect.

Herr Rudolf Escherich, VAW chairman, claimed that as little as 2-3 per cent of the aluminium traded internationally was subject to the present free market price mechanism. Aluminium had benefited from the overwhelming influence of long-term contract prices, and had gained business from other metals precisely because consumers wanted to avoid the very severe fluctuations of recent years.

As a result, he forecast that the LME contract might be merely an irritant to the world aluminium trade if prices were to fluctuate severely on a relatively small volume of

## New grain variety in China

By Our Own Correspondent

PEKING, June 14. CHINESE agricultural scientists have developed a new grain variety, which is resistant to drought, drought, poor soil and crop disease.

The new seed—octoploid triticale—is a cross between wheat and rye. Scientists claim after several years of breeding and experimentation that the seed yields 20 to 30 per cent more grain than either parent, has high nutritional value and tastes like wheat.

The New China News Agency reports that triticale was successfully grown on more than 25,000 hectares of arid cold mountain land in north-west and south-west China last year.

The agricultural scientists believe that the development of triticale will enable much arable land in China's cold mountain regions to be used, increasing national grain production and improving living standards in rural areas.

## India prepares to meet locust threat

By Our Own Correspondent

THE INDIAN Government's plant protection organisation has swung into action to deal with the possibility of a large-scale locust invasion into Western India.

Reports of locust sightings were received earlier this week from Western Gujarat, and warnings have now been sent in Banaskantha district in Gujarat, close to Rajasthan.

Senior officials of the Locust Control Organisation and the Directorate of Agricultural Aviation have gone to Gujarat and Rajasthan to monitor the situation from day to day and to keep alerted the governments of the neighbouring states of Maharashtra, Madhya Pradesh, Rajasthan, Haryana, and Punjab.

## Spanish wine price raised sharply

By A CORRESPONDENT

SPANISH WINE producers have been granted an increase of 42.8 per cent in the basic price for their product, but are far from satisfied.

As the rise may be the prelude to a series of increases in export markets, the price in recent years and they claim the basic price is still below the cost of production.

The new figure of Pts110 was agreed after negotiations between producers and the Government, and represents a slight success for the growers because the administration had

been out to settle for no more than Pts100.

The negotiators' difficulty was to reach a figure that would cover costs while not further aggravating the industry's loss of competitiveness in export markets.

Already, because of export shortages in the past two seasons, and the lower prices being accepted by competitors, Spain has suffered a loss of sales which, according to the president of the Wine Exporters Group, may be impossible to recover.

In the first two months of this year, Spain was able to sell abroad only 12.5m litres of wine, or less than half the quantity for the same period last year.

It was in the hope of averting a shortage, and helping to contain prices, that the Government decided two months ago to permit imports of red wine from the Argentine—a decision greeted with violent protests.

Wine that entered Spain from Argentina before the Government withdrew prices, that the Government's purloined has now been blended with Spanish produce, and re-exported to several African countries and Sweden.

## UK scrap metal export protest

By OUR COMMODITIES EDITOR

FREEDOM to export more non-ferrous scrap metal to countries outside the EEC is to be urged by merchants at a meeting with the Department of Industry next week.

Mr. Irving Graham, president of the British Secondary Metals Association, told the association's annual dinner in London that they were very disappointed with the increased export quotas announced earlier this month.

Although these were 50 per cent higher than previously, it was feared that once dealers' British merchants were still at a considerable disadvantage compared with traders in other EEC countries, who had much larger export quotas.

This was totally unjust, he said. It meant simply that Continental traders were able to buy from Britain and then export to third countries, scrap metal which UK merchants were not allowed to sell outside the Community.

Exports of non-ferrous scrap metal have traditionally been controlled by the UK Government, as a legacy from wartime. It is feared that once dealers' British merchants were still at a considerable disadvantage compared with traders in other EEC countries, who had much larger export quotas.

## Meat supply down 1%

By Our Own Correspondent

THE REDUCTION in meat supplies this year is now expected to be as little as 1 per cent, the Meat and Livestock Commission says.

Total supplies of beef, veal, mutton, lamb and pork are expected to be down by 3 per cent on last year, but there will be increased supplies of bacon and poultry meat.

Home beef production for the whole year is expected to be slightly up on last year—at 1,030,000 tonnes.

### COMMODITY MARKET REPORTS AND PRICES

#### BASE METALS

COPPER—Sharply lower on the London Metal Exchange. A lower trend on overnight futures, followed by a recovery, but failed to touch 1750, settling 1740.5. Spot prices fell 10 to 1735.5. Three months 1740.5. Six months 1740.5. Twelve months 1740.5.

ALUMINIUM—Prices fell 10 to 1735.5. Spot prices fell 10 to 1735.5. Three months 1740.5. Six months 1740.5. Twelve months 1740.5.

ZINC—Prices fell 10 to 1735.5. Spot prices fell 10 to 1735.5. Three months 1740.5. Six months 1740.5. Twelve months 1740.5.

NICKEL—Prices fell 10 to 1735.5. Spot prices fell 10 to 1735.5. Three months 1740.5. Six months 1740.5. Twelve months 1740.5.

LEAD—Prices fell 10 to 1735.5. Spot prices fell 10 to 1735.5. Three months 1740.5. Six months 1740.5. Twelve months 1740.5.

TIN—Prices fell 10 to 1735.5. Spot prices fell 10 to 1735.5. Three months 1740.5. Six months 1740.5. Twelve months 1740.5.

### COFFEE

ROBUSTA—Prices fell 10 to 1735.5. Spot prices fell 10 to 1735.5. Three months 1740.5. Six months 1740.5. Twelve months 1740.5.

ARABICA—Prices fell 10 to 1735.5. Spot prices fell 10 to 1735.5. Three months 1740.5. Six months 1740.5. Twelve months 1740.5.

### SOYABEAN MEAL

Prices fell 10 to 1735.5. Spot prices fell 10 to 1735.5. Three months 1740.5. Six months 1740.5. Twelve months 1740.5.

### SUGAR

Prices fell 10 to 1735.5. Spot prices fell 10 to 1735.5. Three months 1740.5. Six months 1740.5. Twelve months 1740.5.

### PRICE CHANGES

Prices per tonne unless otherwise stated.

Commodity	Unit	Price
Aluminium	tonne	1735.5
Copper	tonne	1740.5
Zinc	tonne	1735.5
Nickel	tonne	1735.5
Lead	tonne	1735.5
Tin	tonne	1735.5

### US MARKET

Prices per tonne unless otherwise stated.

Commodity	Unit	Price
Aluminium	tonne	1735.5
Copper	tonne	1740.5
Zinc	tonne	1735.5
Nickel	tonne	1735.5
Lead	tonne	1735.5
Tin	tonne	1735.5

### CONTRACTS AND TENDERS

#### Democratic and Popular Republic of Algeria

MINISTRE DES INDUSTRIES LEGERES  
SOCIETE NATIONALE DES INDUSTRIES  
DE LA CELLULOSE

INTERNATIONAL INVITATION TO TENDER  
NOTICE OF EXTENSION OF TIME

Societe Nationale des Industries de la Cellulose (SONIC) informs international companies and firms interested in the International Invitation to Tender which was launched at the beginning of February 1978 for the setting-up of a factory in Sedrata to produce cellulose and paper products that the date limit for sending tenders, formerly fixed for May 30, 1978, has been postponed to June 30, 1978.

Information from:  
SONIC, 64 Rue de la Liberté, El-Mouradia, Algiers.  
Tel: 52.38.00-01/04. Telex: 52.933

### GRAINS

Prices fell 10 to 1735.5. Spot prices fell 10 to 1735.5. Three months 1740.5. Six months 1740.5. Twelve months 1740.5.

### WOOL FUTURES

Prices fell 10 to 1735.5. Spot prices fell 10 to 1735.5. Three months 1740.5. Six months 1740.5. Twelve months 1740.5.

### VEGETABLE OILS

Prices fell 10 to 1735.5. Spot prices fell 10 to 1735.5. Three months 1740.5. Six months 1740.5. Twelve months 1740.5.

### INDICES

Prices per tonne unless otherwise stated.

Index	Value
Aluminium	1735.5
Copper	1740.5
Zinc	1735.5
Nickel	1735.5
Lead	1735.5
Tin	1735.5

### FINANCIAL TIMES

Prices per tonne unless otherwise stated.

Index	Value
Aluminium	1735.5
Copper	1740.5
Zinc	1735.5
Nickel	1735.5
Lead	1735.5
Tin	1735.5

### Soyabeans

The Outlook for 1978/79

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Please send me your report on the outlook for Soyabeans in 1978/79

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone No: \_\_\_\_\_

### RUBBER

Prices fell 10 to 1735.5. Spot prices fell 10 to 1735.5. Three months 1740.5. Six months 1740.5. Twelve months 1740.5.

### MEAT/VEGETABLES

Prices fell 10 to 1735.5. Spot prices fell 10 to 1735.5. Three months 1740.5. Six months 1740.5. Twelve months 1740.5.

### MEAT

Prices fell 10 to 1735.5. Spot prices fell 10 to 1735.5. Three months 1740.5. Six months 1740.5. Twelve months 1740.5.

### MOODY'S

Prices per tonne unless otherwise stated.

Index	Value
Aluminium	1735.5
Copper	1740.5
Zinc	1735.5
Nickel	1735.5
Lead	1735.5
Tin	1735.5

### COTTON

Prices per tonne unless otherwise stated.

Index	Value
Aluminium	1735.5
Copper	1740.5
Zinc	1735.5
Nickel	1735.5
Lead	1735.5
Tin	1735.5















## AUTHORISED UNIT TRUSTS

## OFFSHORE AND OVERSEAS FUND

[illegible]

NOTES

[illegible]

CORAL INDEX: Class 470-47

### INSURANCE RISK RATES

†Property Growth .....	91%
†Vanbrugh Guaranteed .....	9%

\* Address shown under Insurance and Property Bond Table.











